Michigan

Office of the Auditor General

REPORT SUMMARY

Performance Audit

Center for Forensic Psychiatry (CFP) and Related Bureauwide Reimbursement Activities

Bureau of Hospitals, Centers, and Forensic Mental Health Services

Department of Community Health (DCH)

Report Number:
39-210-03

Released:
April 2005

CFP's mission is to provide quality forensic mental health services to individuals and the Michigan court system. CFP conducts diagnostic evaluations on issues related to competency to stand trial and other issues and provides psychiatric treatment for criminal defendants adjudicated incompetent to stand trial and/or acquitted by reason of insanity. CFP, like other DCH facilities, is responsible for seeking reimbursement from various parties to recover its treatment delivery costs. For facilities that are certified by the Centers for Medicare and Medicaid Services (CMS), these parties include Medicare and Medicaid. CFP is not CMS-certified.

Audit Objective:
To assess the effectiveness of CFP's and related Bureauwide reimbursement activities.

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Audit Conclusion:
We concluded that CFP's and related Bureauwide reimbursement activities were somewhat effective.

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Material Condition:
DCH's CMS-certified facilities did not seek reimbursement from Medicare for bad debt resulting from the unpaid deductibles and coinsurances of Medicare enrolled patients. We estimate that DCH's four CMS-certified facilities serving adults with mental illness could have collected additional Medicare reimbursements totaling at least $4 million for Medicare Part A covered services delivered during fiscal years 1998-99 through 2003-04 and additional lesser reimbursements for the Medicare Part B covered services delivered during the same period. (Finding 1)

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Reportable Conditions:
CFP had not conducted a comprehensive analysis to determine if it would be cost-effective to obtain CMS certification. We estimate that CFP could generate $2.44 million in Medicare Part A reimbursements initially and $1.15 million annually thereafter; $500,000 in Medicare Part B reimbursements annually; and other significant reimbursements if it obtained CMS certification. Some or all of these reimbursements may be offset by costs to obtain and retain certification. CFP had not quantified these costs. (Finding 2)

CFP and other DCH facilities did not ensure that eligible patients retained enrollment in Medicare Part B after the discontinuance of their Social Security benefits. To enroll in

Part B, most eligible individuals pay a monthly premium through a deduction from these benefits. We estimate that the facilities could have increased their total Part B reimbursements by at least $800,000 annually by retaining these enrollments. For CFP to obtain these reimbursements, it would have to enhance the documentation of the covered services that it provides. (Finding 3)

CFP and other DCH facilities did not charge counties for their full share of the facilities' costs to deliver services to county residents. As of April 30, 2004, counties had not been charged for their 10% share ($6.8 million) of $68.3 million in delinquent accounts from an extended number of years. (Finding 4)

DCH did not provide CFP with the staffing needed to complete its reimbursement responsibilities in a timely manner. As a result, CFP did not timely bill patients, counties, and other responsible parties for its patients' cost of care. (Finding 5)

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Agency Response:

Our audit report contains 5 findings and 7 corresponding recommendations. DCH's preliminary response indicated that it agrees with all of our recommendations and has taken or will take steps to comply with them.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: http://audgen.michigan.gov

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