

EXECUTIVE DIGEST

**COMMUNITY MENTAL HEALTH SERVICES BOARD OF MUSKEGON
COUNTY**

INTRODUCTION

This report contains the results of our performance audit of the Community Mental Health Services Board of Muskegon County, Department of Mental Health (DMH), for the period October 1, 1992 through July 31, 1995.

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

The Community Mental Health Services Board of Muskegon County, established in 1964, operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws* (Act 258, P.A. 1974). The Board is an agency of county government and is not a State agency. However, the Board is subject to oversight by DMH.

The Board is located in Muskegon. It directly operates and/or contracts for inpatient, outpatient, day program, case management, prevention, crisis, and residential care services for the mentally ill and developmentally disabled.

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

Audit Objective: To assess the effectiveness and efficiency of selected Board programs related to delivery of service and administrative oversight.

Conclusion: The Board was effective and efficient in its delivery and oversight of selected mental health services. However, we noted reportable conditions related to the Board's establishment and review of staff-to-client case load standards (Finding 1), the delivery of Medicaid-required services (Finding 2), and the documentation of clients who terminated participation in day program services (Finding 3).

Noteworthy Accomplishments: Since January 1993, the Board has utilized client satisfaction surveys. The Board conducts three ongoing client satisfaction surveys for various services provided by the Board. The results are reported to the Board's quality improvement committee for review and recommendation. Also, the Board hired a consultant in February 1995 and is engaging in a variety of activities to prepare for accreditation from the Joint Commission on Accreditation of Healthcare Organizations. The Board is planning to submit a formal application for accreditation by July 1996.

Audit Objective: To evaluate the Board's reimbursement system related to billings and collections for mental health services.

Conclusion: The Board's reimbursement system related to billings and collections was generally effective. However, we noted reportable conditions regarding collection and determination of client ability-to-pay amounts (Findings 4 and 5). We also noted reportable conditions regarding requests for reimbursement and maximization of reimbursements from Medicaid (Findings 6 and 7).

Noteworthy Accomplishments: The Board and the local Department of Social Services office share costs to provide a worker to assist uninsured persons with application for Medicaid benefits, when appropriate. This arrangement provided the greatest benefit to the agency and clients in covering community psychiatric inpatient costs. Also, the Board contracts with a public accounting firm to perform an annual audit of accounts receivable. The audit completed for fiscal year 1993-94 resulted in no adjustments to the Board's financial records.

Audit Objective: To assess the Board's controls and procedures for administering and monitoring contracts with mental health service providers.

Conclusion: The Board generally had effective controls and procedures for administering and monitoring contracts with service providers. However, we noted a reportable condition regarding provider contracts (Finding 8).

Audit Objective: To assess the Board's and DMH's compliance with the terms of the DMH full management contract.

Conclusion: The Board and DMH were generally in compliance with the terms of the full management contract.

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Community Mental Health Services Board of Muskegon County for the period October 1, 1992 through July 31, 1995. 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 reviewed applicable program plans, statutes, rules, policies, and procedures; interviewed Board personnel and contract agency staff; assessed applicable areas of the internal control structure; reviewed applicable program, financial, and clinical records; reviewed the Board's reimbursement rate-setting methodology; reviewed the Board's contracts with its provider and DMH; and surveyed Board clients and referral sources. We included summaries of the survey results as supplemental information.

**AGENCY
RESPONSES**

Our report includes 8 audit findings and 9 corresponding recommendations. The agency agreed with all our recommendations and indicated that it has taken some steps to comply.