PERFORMANCE AUDIT
OF

CENTRAL MICHIGAN COMMUNITY MENTAL HEALTH SERVICES

AN AGENCY UNDER CONTRACT WITH THE
DEPARTMENT OF COMMUNITY HEALTH

August 2000

39-420-99

EXECUTIVE DIGEST

CENTRAL MICHIGAN COMMUNITY MENTAL HEALTH SERVICES

INTRODUCTION

This report, issued in August 2000, contains the results of our performance audit* of Central Michigan Community Mental Health Services (CMCMHS), 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

CMCMHS was established as a community mental health board in 1974 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws.* CMCMHS, under provisions of the Mental Health Code (Section 330.1205), held a series of public hearings and was granted authority* status in 1997 by each of the four counties in its service area and was recognized as an authority by DCH and the Department of State.

CMCMHS's mission* is to promote and support the mental health and productivity of the citizens of Clare, Isabella,

* *See glossary at end of report for definition.*

Mecosta, and Osceola Counties through the provision of a comprehensive range of mental health services.

CMCMHS has service locations in Harrison (Clare County), Mt. Pleasant (Isabella County), Big Rapids (Mecosta County), and Reed City (Osceola County). CMCMHS's administrative office is located in Mt. Pleasant. CMCMHS's Board of Directors is composed of 12 members, with 2 each residing in Clare and Osceola Counties, 3 residing in Mecosta County, and 5 residing in Isabella County. Board members are appointed to three-year terms.

CMCMHS's operations are generally funded by Medicaid (federal and State) capitated payments*, general funds*, and local funds*. Total expenditures for the fiscal year ended September 30, 1999 were $37,219,787.

As of December 31, 1999, CMCMHS had 196 employees and was serving 2,683 consumers*.

AUDIT OBJECTIVES, CONCLUSIONS, AND NOTEWORTHY ACCOMPLISHMENTS

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

Conclusion: CMCMHS was generally effective and efficient in the delivery of services. However, we noted reportable conditions* related to criminal background checks, program performance standards, individual plans of service*, intake appointments*, and internal control* (Findings 1 through 5).

Noteworthy Accomplishments: CMCMHS received accreditation from the Joint Commission on the

** See glossary at end of report for definition.*

Accreditation of Healthcare Organizations (JCAHO) in August 1999. Within this accreditation, JCAHO accredited CMCMHS as a managed behavioral healthcare organization*.

As evidenced by the results of our consumer survey, CMCMHS consumers are satisfied with the level of care provided by CMCMHS. Of the consumers who responded to the survey, 95% stated that they were satisfied with the quality of services received, 92% noted that they received the type and appropriate frequency of services needed, and no consumers reported that they were waiting for services.

Audit Objective: To assess the effectiveness of CMCMHS's management system for processing Medicaid reimbursements and capitated payments.

Conclusion: CMCMHS's management system effectively processed Medicaid reimbursements and capitated payments.

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

Conclusion: CMCMHS was generally effective in monitoring services provided by contracted organizations. However, we noted reportable conditions pertaining to day programming* case files, monitoring of day programming contracts, and contract provisions (Findings 6 through 8).

* *See glossary at end of report for definition.*

Noteworthy Accomplishments: CMCMHS exceeded DCH's expectations in placing consumers into community activities. DCH established a goal for CMCMHS to place 175 consumers into community-based activities for a minimum of 10 hours per week during the period October 1, 1996 through September 30, 1999. CMCMHS successfully placed 199 consumers into community-based educational, vocational, or employment activities during this period.

Audit Objective: To assess the effectiveness of CMCMHS's transition to a community mental health authority.

Conclusion: CMCMHS made an effective transition to a community mental health authority.

AUDIT SCOPE AND METHODOLOGY

Our audit scope was to examine the program and other records of Central 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 CMCMHS's records and activities for the period October 1, 1996 through December 31, 1999. We reviewed applicable statutes, administrative rules, policies and procedures, and group home licensing standards. We assessed the effectiveness of internal controls used to manage programs and reviewed a sample of consumer case files. We examined performance measurements used to evaluate programs and surveyed consumers and referral

source providers of CMCMHS. We obtained criminal background checks of CMCMHS and contractor staff who had contact with consumers. Further, we reconciled capitated and general fund payment amounts and tested expenditures to determine if they were matched to the correct funding source. We also analyzed contract language and met with CMCMHS staff to determine the type of standards utilized to measure contractor performance. We also visited four residential providers and two day programming contractors to determine if consumer case file records were current and CMCMHS staff was monitoring contract terms. In addition, we met with CMCMHS's Board of Directors and staff to identify the benefits and disadvantages of becoming an authority. We analyzed, documented, and tested procedural requirements of the Mental Health Code to ensure CMCMHS had properly pursued the transition to an authority.

AGENCY RESPONSES

Our audit report includes 8 findings and 8 recommendations. CMCMHS's preliminary response indicated that it generally agreed with our recommendations and has taken steps to implement most of them.

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August 11, 2000

Mr. Joseph Phillips, Chairperson
Central Michigan Community Mental Health Services Board of Directors
1492 Columbus
Farwell, Michigan
and
Mr. George Rouman, Executive Director
Central Michigan Community Mental Health Services
301 South Crapo, Suite 100
Mt. Pleasant, Michigan
and
Mr. James K. Haveman, Jr., Director
Department of Community Health
Lewis Cass Building
Lansing, Michigan

Dear Mr. Phillips, Mr. Rouman, and Mr. Haveman:

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

The report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; 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 Central 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

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Description of Agency

Central Michigan Community Mental Health Services (CMCMHS) of Clare, Isabella, Mecosta, and Osceola Counties was established as a community mental health board in 1974 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 320.2106 of the *Michigan Compiled Laws.* CMCMHS, under provisions of the Mental Health Code (Section 330.1205), held a series of public hearings and was granted authority status in 1997 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.

CMCMHS's mission is to promote and support the mental health and productivity of the citizens of Clare, Isabella, Mecosta, and Osceola Counties through the provision of a comprehensive range of mental health services.

CMCMHS has service locations in Harrison (Clare County), Mt. Pleasant (Isabella County), Big Rapids (Mecosta County), and Reed City (Osceola County). CMCMHS's administrative office is located in Mt. Pleasant. CMCMHS's Board of Directors is composed of 12 members, with 2 each residing in Clare and Osceola Counties, 3 residing in Mecosta County, and 5 residing in Isabella County. Board members are appointed to three-year terms.

CMCMHS's operations are generally funded by Medicaid (federal and State) capitated payments, general funds (based on a predetermined formula), and local funds. For the fiscal year ended September 30, 1999, Medicaid funds accounted for $30.7 million (79%), general funds provided $5.5 million (14%), local funds accounted for $1.1 million (3%), and other revenue provided $1.7 million (4%) of CMCMHS's $39 million operating budget. Total expenditures for the fiscal year ended September 30, 1999 were $37,219,787.

As of December 31, 1999, CMCMHS had 196 employees and was serving 2,683 consumers.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

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

1. To assess CMCMHS's effectiveness and efficiency related to the delivery of services.

2. To assess the effectiveness of CMCMHS's management system for processing Medicaid reimbursements and capitated payments.

3. To assess CMCMHS's effectiveness in monitoring services provided by contracted organizations.

4. To assess the effectiveness of CMCMHS's transition to a community mental health authority.

Audit Scope

Our audit scope was to examine the program and other records of Central 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 were performed between May 1999 and January 2000 and included an examination of CMCMHS's records and activities for the period October 1, 1996 through December 31, 1999.

To accomplish our first objective, we reviewed applicable statutes, administrative rules, policies and procedures, and group home licensing standards. We interviewed agency employees, assessed the effectiveness of internal controls used to manage programs,

and reviewed a sample of consumer case files. We examined performance measurements used to evaluate programs and tested outcomes to determine if CMCMHS met its stated goals. Also, we surveyed consumers and referral sources of CMCMHS. In addition, we analyzed the methods used by CMCMHS to ensure that criminal background checks of CMCMHS and contract employees were completed. Further, we obtained criminal background checks of CMCMHS and contractor staff who had contact with consumers. These checks were completed by the State Police who matched criminal activity to individuals by social security numbers, name, and date of birth.

To accomplish our second objective, we met with CMCMHS staff to obtain an understanding of the capitation process and general fund formula, evaluated supporting documentation, reconciled capitated and general fund payment amounts, and tested expenditures to determine if they were matched to the correct funding source. Also, we reviewed services provided prior to October 1, 1998 to ensure that the correct fees were billed, invoices were sent on a timely basis, and accounts receivable were properly accrued for year-end reporting purposes.

To accomplish our third objective, we obtained and reviewed a listing of CMCMHS's current contracts and documented controls used to obtain bids and award contracts. We analyzed contract language and met with CMCMHS staff to determine the type of standards utilized to measure contractor performance. Also, we visited four residential providers and two day programming contractors to determine if consumer case file records were current, support coordinators were regularly making contact with consumers, and CMCMHS staff were monitoring the terms of the contracts.

To accomplish our fourth objective, we met with members of CMCMHS's Board of Directors and CMCMHS staff to identify the benefits and disadvantages of becoming an authority. We analyzed, documented, and tested procedural requirements of the Mental Health Code to ensure that CMCMHS had properly pursued the transition. In addition, we interviewed CMCMHS staff and reviewed documentation to ensure that consumers were not adversely affected by the transition.

Agency Responses

Our audit report includes 8 findings and 8 recommendations. CMCMHS's preliminary response indicated that it generally agreed with our recommendations and has taken steps to implement most of them.

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

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS AND EFFICIENCY OF THE DELIVERY OF SERVICES

COMMENT

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

Conclusion: CMCMHS was generally effective and efficient in the delivery of services. However, we noted reportable conditions related to criminal background checks, program performance standards, individual plans of service, intake appointments, and internal control.

Noteworthy Accomplishments: CMCMHS received accreditation from the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) in August 1999. Within this accreditation, JCAHO accredited CMCMHS as a managed behavioral healthcare organization.

As evidenced by the results of our consumer survey, CMCMHS consumers are satisfied with the level of care provided by CMCMHS. Of the consumers who responded to the survey, 95% stated that they were satisfied with the quality of services received, 92% noted that they received the type and appropriate frequency of services needed, and no consumers reported that they were waiting for services.

FINDING

1. Criminal Background Checks

CMCMHS should obtain criminal background checks of its employees prior to and periodically during employment and require contractors to complete similar reviews of their employees. This information will allow CMCMHS to better ensure the safety of its consumers.

Section 330.1708 of the *Michigan Compiled Laws* states mental health services shall be provided in a safe, sanitary, and humane treatment environment. Further, for residential providers with less than 12 consumers, Rule 201 of the Licensing Rules for Adult Foster Care Small Group Homes states a licensee shall provide the name of any employee or volunteer who is under the direction of the licensee who is on a court-supervised probation or parole or who has been convicted of a felony.

To determine the extent of criminal background checks that were completed by CMCMHS or its contractors, we reviewed the personnel functions of CMCMHS. We also examined criminal background check procedures of 6 residential providers who were regulated by Rule 201 and obtained criminal background checks of 11 contractors (8 of which were subject to Rule 201 regulations) that provided residential or in-home care services. Our review disclosed:

a. CMCMHS did not obtain criminal background checks of its employees prior to or periodically during employment. CMCMHS's employment application has an area for the individual to identify felony convictions. However, if the individual stated that he or she had not been convicted of a felony, CMCMHS did not make additional inquiries. The criminal background checks of CMCMHS employees, obtained because of our audit, disclosed that no CMCMHS employees were convicted felons or were on probation or parole.

b. Three (50%) of the 6 residential providers were not conducting criminal background checks of all of their employees. Contractors who did not complete the checks stated that they did not realize these reviews were required. The three vendors who had completed the reviews conducted the checks at the time employees were hired.

c. A total of 117 felons who had been convicted of 188 felonies were employed sometime during the period October 1, 1998 to September 30, 1999 by 8 employers that within their operations, also provided residential services subject to Rule 201 regulations. In addition, 23 individuals who were on parole or probation were also employed by these contractors during this period. None of the providers reported the names of these individuals to the licensing agency. Because CMCMHS did not have detailed documentation available regarding contractors' employees, we were not able to determine if

any of these convicted felons worked in residential care homes or otherwise had direct contact with consumers.

Further, the criminal background checks of the employees of 3 contractors who provided in-home but not residential services, and thus were not subject to Rule 201, disclosed that during the same time period these contractors employed 79 felons who had been convicted of 126 felonies.

A felony conviction would not preclude an individual from working for CMCMHS or its service providers. CMCMHS management indicated that generally employees convicted of felonies relating to violent crimes or sexual misconduct would not be allowed to have direct contact with CMCMHS's consumers. By obtaining criminal background checks and monitoring contract employees with a felony background, CMCMHS could better ensure that its consumers are receiving services in a safe environment.

RECOMMENDATION

We recommend CMCMHS obtain criminal background checks of its employees prior to and periodically during employment and require contractors to complete similar reviews of their employees.

AGENCY PRELIMINARY RESPONSE

CMCMHS accepted this recommendation even though CMCMHS said it can find no statute, contract requirement, administrative rule, or accrediting body requirement that states that it must do criminal background checks. CMCMHS did not object to the intent of the recommendation but rather to the fact that it was being cited where there is no legal requirement to provide criminal background checks.

FINDING

2. Program Performance Standards

CMCMHS had not developed measurable goals or established performance standards for each service provided.

CMCMHS's mission is to promote and support the mental health and productivity of the citizens of Clare, Isabella, Mecosta, and Osceola Counties through the provision of a comprehensive range of mental health services. CMCMHS can best evaluate its performance towards meeting this mission by establishing a comprehensive process for measuring the effectiveness of its service programs. Such a process should include developing measurable goals for each service program and establishing specific performance standards that would serve as a partial indication of whether the goal has been realized.

Section 330.1209d of the *Michigan Compiled Laws* requires CMCMHS 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, the CMCMHS Administrative Manual requires that contracts shall define performance standards for providers, such as outcome measures and customer satisfaction.

CMCMHS had used various performance monitoring tools, including a continuous quality improvement program, the Michigan mission based performance indicator system, and surveys of consumers. Our review disclosed:

a. CMCMHS should improve its continuous quality improvement program by establishing specific, measurable goals for each service program provided by CMCMHS. In addition, CMCMHS should establish performance standards for measuring the effectiveness of each service program. Developing a comprehensive process to measure performance would assist CMCMHS in monitoring and evaluating programs to ensure that a high quality of care was provided to consumers.

b. Contracts for day programming activities did not contain language that required specific performance standards to be pursued and monitored. The majority of CMCMHS's day programming activities were contracted through two agencies that provided vocational training and employment support and opportunities to consumers in the service area. Monitoring specific performance standards would assist CMCMHS in identifying ineffective and inefficient activities that could have a negative impact on the quality of services provided to consumers.

RECOMMENDATION

We recommend that CMCMHS develop measurable goals and establish performance standards for each service provided.

AGENCY PRELIMINARY RESPONSE

CMCMHS agreed with this recommendation. CMCMHS informed us that efforts by all CMCMHS programs have been initiated to develop measurable goals and performance standards.

FINDING

3. Individual Plans of Service (IPSs)

CMCMHS did not ensure that IPSs were completed on a timely basis, contained required information, or were actively monitored.

Section 330.1712 of the *Michigan Compiled Laws* specifies that the responsible mental health agency shall ensure that a person-centered planning process is used to develop a written individual plan of service*, in partnership with the recipient, which establishes meaningful and measurable goals and identifies the consumer's needs. The plan shall be kept current and modified when indicated within the IPS. In addition, the CMCMHS Administrative Manual states that the IPS will be reviewed at a frequency specified in the IPS, but at least annually.

To ensure that CMCMHS was in compliance with the stated laws and regulations, we reviewed the case files of 40 current consumers. Our review disclosed:

a. Eight (20%) cases contained IPSs that were not developed within 12 months from the previous IPS.

b. Performance goals established in 9 (23%) IPSs were not monitored at intervals indicated within the IPSs.

* *See glossary at end of report for definition.*

c. Progress notes or other supporting documentation of the consumer's progress towards obtaining his or her identified goals were not found in 8 (20%) files.

d. Twenty-two (55%) IPSs were not signed by the consumer or his or her guardian and 2 (5%) IPSs did not indicate whether the consumer was involved in creating the IPS. Although signing the IPS is not specifically required, signatures should be obtained to verify that the consumer or his or her guardian agrees with the contents of the IPS.

To ensure that consumers receive appropriate services, IPSs should be completed at least annually, identify specific consumer needs, and be consistently monitored.

RECOMMENDATION

We recommend that CMCMHS ensure that IPSs are completed on a timely basis, contain required information, and are actively monitored.

AGENCY PRELIMINARY RESPONSE

CMCMHS agreed with this recommendation. CMCMHS informed us that efforts have been intensified through staff supervision and case record reviews to ensure that individual plans of service are completed on a timely basis, contain required information, and are actively monitored.

FINDING

4. Intake Appointments

CMCMHS did not ensure that intake appointments were completed within 14 calendar days of the service request*.

The CMCMHS Administrative Manual requires that an intake appointment be completed within 14 calendar days of a service request. Further, the Michigan mission based performance indicator system requires that 95% of persons who request nonemergency services receive a face-to-face meeting with a professional within 14 calendar days of the request.

* *See glossary at end of report for definition.*

Our review of 35 consumers with developmental disabilities and 648 children with emotional disturbances whose cases were opened between October 1, 1998 and September 30, 1999 disclosed that 16 (46%) developmentally disabled consumers and 126 (19%) children with emotional disturbances did not receive an intake appointment within 14 calendar days of the service request.

We were informed by CMCMHS staff that the process used to assess consumers with developmental disabilities contributed to delays in service. We were also informed that consumer cancellations and consumers requesting services in the distant future were included in determining the number of consumers who were not seen within the 14-day period.

Assessing consumer needs within prescribed standards contributes to the consumer receiving support services on a timely basis.

RECOMMENDATION

We recommend that CMCMHS ensure that intake appointments are completed within 14 days of service requests.

AGENCY PRELIMINARY RESPONSE

CMCMHS agreed with this recommendation. CMCMHS informed us that it is now in compliance with the requirement that intake appointments be completed within 14 days of service.

FINDING

5. Internal Control

CMCMHS had not developed internal control to ensure that consumer information and contractor billings were correct and that recipient rights status reports were completed in a timely manner.

CMCMHS employs controls to plan, monitor, and evaluate the delivery of its services. We reviewed the controls used to monitor and evaluate consumer

access and other consumer data, contractor invoices, and recipient's rights status reports. Our review disclosed:

a. CMCMHS data related to consumers or their guardians was not accurately maintained on CMCMHS's management information system. Our distribution of surveys to 101 consumers (or their guardians) disclosed that 4 (4%) consumers who had not received services since 1995 were in CMCMHS's database of current consumers. Also, the consumer's name, case number, address, or guardian information was incorrect for 59 (58%) consumers.

b. CMCMHS did not verify the hours billed by residential or children's services contractors. Residential and children's services contractors were reimbursed for their services based on an agreed upon per diem rate. Invoices for both types of contracts were submitted monthly to CMCMHS. CMCMHS reimbursed these vendors without verifying the hours or days of services provided. CMCMHS staff reported that CMCMHS had previously verified the hours or days of service provided, but this review was eliminated to avoid delays in reimbursing contractors. Billed services could be verified on a test basis after reimbursement and any resulting adjustments made to subsequent reimbursements.

c. CMCMHS did not ensure that recipient's rights status reports were completed in a timely manner. Section 330.1778 of the *Michigan Compiled Laws* requires the office investigating a complaint to issue a written status report to the complainant every 30 calendar days during the course of the investigation. Status reports were not completed at the designated interval for 7 (70%) of the 10 cases reviewed.

RECOMMENDATION

We recommend that CMCMHS develop internal control to ensure that consumer information and contractor billings are correct and that recipient rights status reports are completed in a timely manner.

AGENCY PRELIMINARY RESPONSE

CMCMHS agreed with this recommendation. CMCMHS informed us that data integrity workgroup has been established to ensure that consumer and contractor

information is correct and that status reports are completed in a timely manner. In addition, a utilization evaluation committee monitors this information on a monthly basis. There are plans to purchase software from an outside vendor to develop error reports, which will be ran monthly.

MEDICAID REIMBURSEMENTS AND CAPITATED PAYMENTS

COMMENT

Audit Objective: To assess the effectiveness of CMCMHS's management system for processing Medicaid reimbursements and capitated payments.

Conclusion: CMCMHS's management system effectively processed Medicaid reimbursements and capitated payments.

MONITORING OF CONTRACTED SERVICES

COMMENT

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

Conclusion: CMCMHS was generally effective in monitoring services provided by contracted organizations. However, we noted reportable conditions pertaining to day programming case files, monitoring of day programming contracts, and contract provisions.

Noteworthy Accomplishments: CMCMHS exceeded the Department of Community Health's (DCH's) expectations in placing consumers into community activities. DCH established a goal for CMCMHS to place 175 consumers into community-based activities for a minimum of 10 hours per week during the period October 1, 1996 through September 30, 1999. CMCMHS successfully placed 199 consumers into community-based educational, vocational, or employment activities during this period.

FINDING

6. Day Programming Case Files

CMCMHS did not ensure that case files maintained at day programming locations were complete and current.

CMCMHS contracted for day programming activities for consumers from vendors in its service area. Contractors provide services designed to increase or develop the consumers' independent living, social, and vocational skills. To document the consumer's progress in day programming activities, case files are maintained by the contractor for each consumer served.

We reviewed contractor case files for 25 consumers who were actively participating in day programming functions to determine that all relative clinical and financial records were maintained and whether individual activities were directed by a current IPS. Our review disclosed:

a. Clinical records were not maintained for a minimum of 5 years for 13 consumers (52%). Day programming contracts required that all clinical and financial records be maintained for 5 years. One contractor destroyed monthly clinical records that it created after 2 years.

b. Progress notes for 5 consumers (20%) did not address all applicable goals or were based on an IPS that was greater than 1 year old. CMCMHS policy requires an IPS to be developed at least annually to assess a consumer's needs and identify specific treatment goals. Contractors should be using current IPSs to coordinate their services with the needs of the consumers.

c. Some summary reports were not present for 3 (12%) consumers. IPS language identifies the intervals at which summary reports are to be created. These documents are created by day programming providers and summarize the consumer's activity, progress, and changes in service over the review period. Monthly and quarterly reviews are most commonly completed.

d. A contractor-developed plan of service was not created for 1 (4%) consumer. Day programming contracts required that contractors develop a service plan for the consumer within 3 to 5 weeks of his or her admittance to the program.

The exception noted involved a client who transferred between day programming providers.

To effectively monitor a consumer's progress and provide appropriate services, complete and current case files should be maintained by the day programming contractor and monitored by CMCMHS staff.

RECOMMENDATION

We recommend that CMCMHS ensure that case files maintained at day programming locations are complete and current.

AGENCY PRELIMINARY RESPONSE

CMCMHS agreed with this recommendation. CMCMHS informed us that the agency in question does keep clinical records for five years in either current or archival files, with the exception of weekly progress notes and monthly summaries that are retained for only two years. However, those items retained for only two years are summarized in the semi-annual review, which is retained for five years. In addition, the clinical record maintained by CMCMHS contains summary information of all services offered to recipients, either by CMCMHS direct services or by contract agencies.

FINDING

7. Monitoring of Day Programming Contracts

CMCMHS did not effectively monitor the requirements of contracts with day programming providers.

As mentioned in Finding 6, CMCMHS contracted for day programming activities for consumers from vendors in its service area. CMCMHS staff were responsible for monitoring the terms of the contracts and ensuring that contracted requirements were met.

From discussions with management employees of day programming providers and CMCMHS staff and a review of consumer files maintained by day programming

providers, we determined that CMCMHS did not verify that the following contract requirements were met:

a. Clinical records created by the day programming providers were maintained for 5 years. One contractor was destroying clinical records 2 years after the documents were created (see Finding 6.a.). CMCMHS staff stated that they were not ensuring that records were maintained for 5 years at any of the contracted providers.

b. Appropriate consumer-to-day programming employee staffing ratios were maintained at all times. CMCMHS staff stated that one day programmer refused to allow CMCMHS to observe off-site trips and activities because it disrupted the intent of the service being provided. Therefore, CMCMHS noted that it could not ensure that appropriate staffing ratios were maintained.

c. Recipient rights and other training requirements were provided to contract employees. Contract language required the day programming provider to forward training records to CMCMHS including proof that recipient rights training was furnished to an employee prior to him or her working directly with consumers. One day programming provider did not forward copies of its employee training records to CMCMHS for review. Without this documentation, CMCMHS could not verify that this provider's employees were adequately trained.

d. Consumer case files maintained by the contractor were complete. Contract language requires day programming providers to maintain a complete record of the consumer's history/progress. Contracts state that a complete record should include evaluation reports and treatment plans (IPSs), quarterly summaries, and consent to participate in the program. Day programming staff at one provider stated that CMCMHS did not periodically review case files to ensure that they were complete. We noted that 4 (40%) of the 10 cases we reviewed from one contractor were not complete.

Effective monitoring of contracts would help ensure that day programming providers are maintaining complete consumer case files, staffing all activities at appropriate levels, and adequately training staff.

RECOMMENDATION

We recommend that CMCMHS effectively monitor the requirements of contracts with day programming providers.

AGENCY PRELIMINARY RESPONSE

CMCMHS agreed with this recommendation. CMCMHS informed us that a CMCMHS workgroup is currently developing outcome measures to be utilized with CMCMHS's day programming providers.

FINDING

8. Contract Provisions

CMCMHS did not include provisions in residential services and day programming contracts that are essential for effective management of those contracts.

Michigan Administrative Code R 330.2808 states that contracts shall specify, in measurable terms, the obligations of the parties. These measures should protect the interests of the consumer and CMCMHS.

Our review of residential services and day programming contracts disclosed:

a. Residential contractors were not obligated by contract language to maintain, and submit upon request, documentation to verify the presence of sufficient staff in the home to carry out each consumer's current IPS. *Michigan Administrative Code* R330.1702 states that dependent living settings should have sufficient resources to provide all the services required by the IPS. Contractual provisions requiring documentation of sufficient staffing would provide a mechanism for determining whether the provider has adequate staffing.

b. Residential and day programming contractors were not obligated by contract language to verify that they had screened all of their employees for complaints or charges of abuse, neglect, or mistreatment of a consumer or child in their care and to certify that no current employee had been the subject of an investigation of abuse, neglect, or mistreatment of a consumer or child in their

care. Section 330.1708 of the *Michigan Compiled Laws* states that services shall be provided in a safe environment. A requirement that employee background checks be performed would help ensure that consumers are not subject to care by potentially dangerous individuals (see Finding 1).

RECOMMENDATION

We recommend that CMCMHS include provisions in residential services and day programming contracts that are essential for effective management of those contracts.

AGENCY PRELIMINARY RESPONSE

CMCMHS agreed with this recommendation. Contract language will be amended to require that residential contractors maintain, and submit upon request, documentation to verify the presence of sufficient staff in the home to carry out each consumer's IPS. In addition, a requirement will be made that employee background checks be performed to help ensure that consumers are not subject to care by potentially dangerous individuals.

TRANSITION TO AN AUTHORITY

COMMENT

Audit Objective: To assess the effectiveness of CMCMHS's transition to a community mental health authority.

Conclusion: CMCMHS made an effective transition to a community mental health authority.

SUPPLEMENTAL INFORMATION

Central Michigan Community Mental Health Services (CMCMHS)
Consumer and Guardian Survey Summary

Summary Overview

We sent surveys to 101 consumers or guardians of consumers who were active consumers between April 1, 1999 and June 30, 1999. We received 42 responses, a response rate of 42%. Our survey was of both adults and children with a mentally ill or developmentally disabled diagnosis.

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:

   6 Current consumer of CMCMHS.
   3 Former consumer of CMCMHS.
   11 Relative of a current or former CMCMHS consumer.
   24 Guardian of a current or former CMCMHS consumer.
   0 Other.

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

2. In the last 24 months, did you receive services in:

   10 Less than or equal to 12 months?
   28 More than 12 months?

3. I learned about CMCMHS through:

   0 The local school district.
   12 A doctor or other medical professional.
   4 A referral from the Family Independence Agency.
   9 Family/Friends.
   4 Probate, district, circuit, or other local courts.
   3 Other.

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

35 Yes 2 No 2 Not sure

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

0 Yes 38 No

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

34 Yes 2 No 2 Not sure

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

36 Yes
1 No, I did not receive services often enough.
0 No, I received more services than I needed.
2 Not sure.

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

36 Yes 2 No 1 Not sure

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

37 Yes 0 No 2 Not sure

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

37 Yes 0 No 1 Not sure

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

37 Yes 0 No 2 Not sure

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

38 Yes 1 No 0 Not sure

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

38 Yes 1 No 0 Not sure

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

36 Yes 2 No 0 Not sure

15. During the last 12 months:

a. Did the quality of services provided to you:

10 Improve? 0 Decline? 28 Remain the same?

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

5 Involvement on the part of the support coordinator?
2 An increase in the number of visits received?
4 A new program being provided to you?
0 Other.

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

0 A lack of involvement on the part of the support coordinator?
0 A decrease in the number of visits received?
0 A program being provided to you ended?
0 Other.

Please indicate which services were involved: _____

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

35 Yes 1 No 1 Not sure

If you are a former CMCMHS consumer, please respond to Statements 17 through 19:

17. My CMCMHS caregiver(s) and I mutually agreed to discontinue program services.

1 Yes 0 No 2 Not sure

18. My CMCMHS caregiver(s) clearly explained to me the effect of discontinuing program services.

2 Yes 1 No 1 Not sure

19. If needed, would you return to CMCMHS for services?

4 Yes 0 No 0 Not sure

Written Comments

The survey responses also included numerous narrative comments regarding suggested changes and the quality of service provided. Overall, the comments were positive.

Central Michigan Community Mental Health Services (CMCMHS)
Referral Sources Survey Summary

Summary Overview

We sent surveys to 50 referral sources who had professional interaction with CMCMHS. This included agencies who provided mental health services in Clare, Isabella, Mecosta, and Osceola Counties. We received 26 responses, a response rate of 52%.

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

   13 I am very familiar with and have regular contact with CMCMHS.
   11 I am somewhat familiar with and have periodic contact with CMCMHS.
   2 I am unfamiliar with and have little contact with CMCMHS.

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

   3 Contractual provider of services to CMCMHS.
   0 Contractual purchaser of services from CMCMHS.
   22 Referral source to CMCMHS.
   12 Referral source from CMCMHS.
   5 Other.

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

   Responses ranged from 0 to 30 years.

For questions 4 through 14, 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 CMCMHS, please go to question 8.

	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Not Applicable
4. CMCMHS responds promptly to referrals and requests for service.	4	13	0	3	1	0
5. CMCMHS helps referred individuals receive services consistent with their needs.	6	12	1	1	0	0
6. CMCMHS facilities are accessible and conveniently located.	12	11	0	0	0	0
7. I recommend CMCMHS to people who need mental health services.	10	12	0	0	1	0
8. CMCMHS provides adequate, meaningful, and timely responses to my agency's requests for technical assistance.	4	13	2	4	1	0
9. CMCMHS reporting requirements and informational requests are reasonable, pertinent, and unduplicated.	4	11	4	0	0	4
10. CMCMHS surveys our service needs when completing its annual program plan.	3	9	4	5	1	1
11. CMCMHS offers (either directly or through contractual arrangements with other providers) a continuum of services to benefit consumers with all levels of need.	6	13	1	3	1	0
12. CMCMHS evokes a positive image.	8	14	1	0	1	0
13. CMCMHS is effectively helping people.	7	13	1	0	1	0
14. Since October 1, 1998 (to coincide with the implementation of a capitated payment system), CMCMHS's availability of services has remained the same or improved.	2	8	2	7	3	0

Written Comments

The survey responses also included numerous narrative comments regarding suggested changes and the quality of service provided. Overall, the comments were positive.

Glossary of Acronyms and Terms

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.
capitated payment	A monthly prepaid amount for each Medicaid eligible individual in the mental health provider's service area.
CMCMHS	Central Michigan Community Mental Health Services.
consumers	Individuals who have received or are receiving mental health services.
day programming	Daily services provided to consumers that are directed at increasing independent living, social, and vocational skills.
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 Department of Community Health formula.
individual plan of service (IPS)	A written plan of supports and services directed by the consumer, as required by the Mental Health Code. The plan may include both support and treatment elements.

intake appointment	A screening of consumer needs by a mental health professional to determine if the individual is appropriate and eligible for services.
internal control	The management control environment, management information system, and control policies and procedures established by management to provide reasonable assurance that goals are met; that resources are used in compliance with laws and regulations; and that valid and reliable performance related information is obtained and reported.
JCAHO	Joint Commission on the Accreditation of Healthcare Organizations.
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 services appropriate for their needs.
mission	The agency's main purpose or the reason the agency was established.
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.

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.
service request	Contact point in which the consumer is asking for services.