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,
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*.

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<th>AUDIT OBJECTIVES, CONCLUSIONS, AND NOTEWORTHY ACCOMPLISHMENTS</th>
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<td><strong>Audit Objective:</strong> To assess CMCMHS's effectiveness and efficiency related to the delivery of services.</td>
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**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
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).
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.

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<th>AUDIT SCOPE AND METHODOLOGY</th>
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<td>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</td>
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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.