LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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DEPARTMENT OF HEALTH AND HOSPITALS, LOUISIANA BEHAVIORAL HEALTH PARTNERSHIP FOLLOW-UP REPORT

The Department of Health and Hospitals' shift to a private contractor to manage the state's behavioral health programs is still causing some of the regional human services districts to lose money, leave jobs unfilled and delay services to clients, according to a report released Monday by Legislative Auditor Daryl Purpera.

The informational audit by Purpera's Financial Audit Services section said that the five human services districts charged with providing behavioral health services to clients were budgeted to receive $12.725 million of self-generated revenue in the fiscal year that ended June 30. Instead, the districts collected about $8.137 million, mainly in fees for services provided.

"We noted that the districts either experienced reduced revenue, increased expense, decreased productivity or some combination since the implementation" of the Louisiana Behavioral Health Partnership program, run by Magellan Health Services, the report said.

Those factors have "in most cases, negatively impacted the services provided," the report said. "Some districts noted an increase in vacant positions since the implementation" of the behavioral health partnership, as well as reduced services.

The state turned over the management of the behavioral health programs to Magellan on March 1, 2012, under a contract that ran through Feb. 28, 2014. The base contract was for $357.6 million. The contract was extended for a year, through Feb. 28, 2015, bringing the total contract value to $544.8 million.

The audit is a follow-up on one done last year on how the human services districts have been affected by Magellan's oversight of the behavioral health program. The audit did not look at the Louisiana Behavioral Health Partnership or its full operations. The five districts examined in the report are: the Capital Area Human Services District based in Baton Rouge; the South Central Louisiana Human Services Authority in Houma; the Metropolitan Human Services District in New Orleans; the Florida Parishes Human Services Authority in Hammond; and the Acadiana Area Human Services District in Lafayette.

1600 NORTH THIRD STREET • POST OFFICE BOX 94397 • BATON ROUGE, LOUISIANA 70804-9397
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District officials in the Florida Parishes and Acadiana told auditors they have not been able to fill vacant positions “due primarily to decreased revenue.” Each has approximately 30 new unfilled positions, according to the report, 17 in Acadiana and 27 in the Florida Parishes all “involved in service delivery.”

The state auditor’s report said in Acadiana, one social worker has 225 clients and an addiction counselor serves an average caseload of 120 clients at any time. “Currently, it takes approximately two months for a patient to be treated from the time he or she schedules an appointment” in the Acadiana district, the report said.

At the Hammond-based district, officials said that job vacancies have had a negative effect on services and client care. “Current staff members have higher caseloads and clients are not seen as frequently,” the report said.

In the Baton Rouge district, there are 13 vacancies, including 12 positions dealing with delivering services and one administrative slot. Officials there said that because of Magellan’s electronic health records management system, Clinical Advisor, and its new medical authorization process, the time needed to enroll clients in treatment programs has increased, and “subsequently, client volumes have decreased,” according to the report.

Although some issues in shifting to Magellan that were identified in the 2013 report have been partially or completely resolved, the updated audit said, “some districts continue to struggle with the challenges of meeting Magellan requirements, maximizing self-generated revenues, and delivering services needed for their clientele.”

The report also cites DHH for having “inadequate processes and controls to ensure claims payments are identified, reconciled and properly classified timely in the state’s accounting system for the districts to access funds paid by Magellan for their services. As a result, the districts’ access to these funds continues to be limited, which could potentially impair their ability to deliver future services. While progress has been made for some (Magellan) contract requirements, the DHH-Office of Behavioral Health still has contract requirements that are not being met.”

The state contract with Magellan required the districts to use Clinical Advisor, the contractor’s electronic health records system, which was not designed to accommodate private payers or third-party payments – such as Medicare and private insurance, according to the audit. While the districts in the Baton Rouge and New Orleans areas have used another method to bill patients and monitor medical records electronically, they have had to pay annually about $130,000 and $90,000, respectively, for the extra system.

The other three districts still using Clinical Advisor have more than $1 million in claims that are beyond the one-year expiration date for collection. The report said that districts that currently use Clinical Advisor "were strongly encouraged to all agree to use 180 percent of the Medicaid rates as their third-party rate amounts which they did despite the fact that some of their private insurance contact rates may exceed the system rates."

Four additional human services districts are expected to use Clinical Advisor as of July 1, 2014, even though DHH knew the program "was inadequate for billing third-party claims." If those districts move to another electronic heath records system the report said, they will have to pay for the switchover.

The DHH-Magellan contract required that the Clinical Advisor system meet the federal "meaningful use standard," set by the Centers for Medicare and Medicaid and designed to promote the use of electronic medical records to improve health care services.

The state's contract with Magellan called for the standard to be met by March 1, 2013, but an additional $242,206 was added to the contract in February 2014 to "accommodate Magellan meeting the original contract requirement of achieving EHR (electronic health records) meaningful use." The report said although the contract change called for the standards to be met by June 30 of this year, "as of the date of this report, Clinical Advisor has not achieved meaningful use EHR certification and achievement of this certification is not anticipated until October 1, 2014."

The report said that DHH notified Magellan on July 22 that "a daily monetary penalty of $2,500 would be issued for each day from July 1, 2014 until the meaningful use certification is achieved; however, in lieu of the full amount, the state would collect 20 percent of the issued penalty in the amount of $500" daily until the standards are met.

For more information, contact:
Daryl G. Purpera, CPA, CFE
Legislative Auditor
225-339-3800

On Twitter: DHH's shift to contractor to manage behavioral health programs still causing some human services districts to lose money.