

FLORIDA PARISHES HUMAN SERVICES AUTHORITY  
LOUISIANA DEPARTMENT OF HEALTH  
STATE OF LOUISIANA



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# Louisiana Legislative Auditor

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## Florida Parishes Human Services Authority

September 2016

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## Introduction

The Florida Parishes Human Services Authority (FPHSA) was created as a local governmental entity governed by a local board of directors with the mission to provide a broad spectrum of integrated community-based services and continuity of care to consumers of behavioral health services (i.e., addictive disorders and mental health) and developmental disabilities services. FPHSA's services cover five parishes: Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington. FPHSA is funded through a combination of General Fund appropriations, transfers from the Louisiana Department of Health (LDH), revenue from fees collected for its services, and a small amount of federal revenue. FPHSA receives oversight from LDH.

In March 2012, LDH launched the Louisiana Behavioral Health Partnership (LBHP) using a private contractor, Magellan Health Services (Magellan), as the manager of all state behavioral health programs. Under this partnership, the authority filed claims with Magellan to earn a fee for each service delivered. Transition issues attributable to the LBHP impacted the delivery of services and how those services were funded. We issued a report in October 2014<sup>1</sup> outlining several issues FPHSA was experiencing with the LBHP implementation. On November 30, 2015, the LBHP ended. Beginning December 1, 2015, Medicaid-funded behavioral health services were integrated into the Medicaid managed care system, Bayou Health.<sup>2</sup>

We conducted this work to focus on the implementation of the five Bayou Health plans and its impact on services provided by FPHSA. We evaluated FPHSA's operations and certain internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to FPHSA. Based on our understanding of FPHSA's controls and related laws and regulations, we performed procedures focusing on FPHSA's transition from the LBHP to Bayou Health.

FPHSA management was provided the opportunity to respond to the report, which would have become a part of the report. Management chose not to respond.

Appendix A presents our scope and methodology.

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<sup>1</sup> FPHSA procedural report issued October 8, 2014.

<sup>2</sup> Bayou Health was renamed Healthy Louisiana in May 2016.

## Results of Our Procedures

Overall, we found FPHSA is able to provide services to its clientele, account for monies received, and adequately reconcile and report on such revenues. However, delivery of services has been impacted by recent budget cuts. In addition, as a result of the transition to Bayou Health and implementation of its new Electronic Health Records (EHR) system, FPHSA experienced issues with billing and receiving payments on claims, affecting its ability to collect its budgeted level of self-generated revenue.

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### Delivery of Services

FPHSA estimates that it currently serves approximately 6,300 clients with its behavioral health services, which include Addictive Disorder and Mental Health services. During November 2014, FPHSA implemented a new Same Day/Next Day Access service model in its Mandeville clinic location, reducing the wait times for clients to be seen. However, FPHSA's ability to deliver services has been impacted by recent budget reductions.

FPHSA's Same Day/Next Day Access at its Mandeville clinic serves as the point of access for mental health services in St. Tammany Parish. FPHSA stated that the implementation of this model resulted in a decrease in the waiting period for applicants to access services from 60 to 90 days prior to implementation to approximately three hours on the same day they walk in. Per FPHSA, the Same Day/Next Day Access concept and access model is gradually being introduced at other clinics in an effort to enhance services. However, the model has not been fully implemented at all clinics due to staffing capacity, including doctor/prescriber time availability. FPHSA is striving to increase that capacity in order to fully implement the model at the authority's remaining clinics.

As of March 2016, due to ongoing budget constraints, FPHSA is unable to fill 42 vacant positions consisting of six clerical staff, 10 administrators, and 26 professionals directly involved in service delivery. In addition, from March through June 2016, FPHSA instituted a one day per pay period furlough for all staff. Therefore, each Wednesday, only half of FPHSA's staff was available to serve the authority's clients. In addition, the authority's Bogalusa clinic was closed in March 2016 due to flooding damage. The result of these two issues was an approximate 5% decrease in the number of services provided during March 2016 as compared to February 2016. Further analysis on the average number of services provided on Wednesdays during those two months indicated that an average of 30% fewer services were provided on Wednesdays in March 2016 than Wednesdays in February 2016.

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### Generation of Revenue and Claims Billing

From December 1, 2015, through March 31, 2016, FPHSA had submitted approximately 5,000 claims to the Bayou Health plans, of which approximately 90% have been approved by the plans.

As of March 31, 2016, FPHSA had approximately 500 outstanding claims that were denied payment due to various issues with the Bayou Health plans described below.

FPHSA previously used Magellan's claims system, Clinical Advisor, as its only client records and billing tool. When Magellan's contract ended in February 2015, there was uncertainty as to whether or not the contract would be renewed. As a result, FPHSA began searching for a new EHR system to replace Clinical Advisor. FPHSA implemented its new EHR system, ICANotes, during June 2015 for outpatient services and October 2015 for residential services. To date, FPHSA has paid a total of \$123,058 to ICANotes for use of its system. There were no direct costs of implementation. FPHSA pays a monthly fee for use of the system based on the number of FPHSA users. There is currently no set fee schedule for configuration changes. Per FPHSA, if reconfigurations are requested, ICANotes assesses whether the change would benefit its other clients. If the change would only benefit FPHSA, ICANotes would charge a fee to make the change. However, there is currently no agreed-upon fee schedule for these types of changes.

FPHSA is now able to bill the Bayou Health plans through ICANotes for all claim types. However, as of March 2016, the claims process was still problematic for the authority, as it was receiving a number of claim denials from the Bayou Health plans. These denials are for services covered under the Medicaid fee schedule issued by LDH, including:

- FPHSA received denials from one of the Bayou Health plans for services provided by medical psychologists even though the authority is following the LDH Medicaid fee schedule. Because the system coding modifiers for clinical and medical psychologists are the same, the health plan's system was not differentiating between the two types of psychologists. FPHSA was working with LDH and the health plan to resolve this issue and as of April 2016 began receiving payments for these services from the health plan.
- FPHSA received denials from one of the Bayou Health plans for residential substance use disorder services. Initially, FPHSA was billing for these claims using the care providers' national provider identifier (NPI); however, the authority has since been instructed by the health plan to use the facility's NPI. This health plan is the only one of the five plans requiring this change in NPI. At the time of our procedures, FPHSA was manually changing each claim in the system to reflect the facility NPI number prior to submission to the health plan for payment. FPHSA was working with LDH and the health plan to resolve this issue. FPHSA reconfigured its EHR system to use the facility's NPI as required by the health plan and began receiving payments in April 2016.
- FPHSA received denials from one of the Bayou Health plans for nurse injection services. The health plan informed FPHSA that nurse injections were not a covered service; however, nurse injections are a covered service per the LDH Medicaid fee schedule. This health plan was the only one of the five denying claims for this service. FPHSA stated that this issue has been resolved and they are currently receiving payments for this service.

- One of the health plans denied payments for intensive outpatient (IOP) services due to the place of service code attached to the claims. This health plan is the only one of the five denying these claims. FPHSA discontinued submitting these claims to the health plan until the issue is resolved because they would have to manually submit paper claims for these services. In May 2016, the health plan informed FPHSA that it is reconfiguring its system to accept the place of service code attached to these claims. After confirmation that the health plan's system has been reconfigured, FPHSA will submit all outstanding claims for IOP services.

In addition, FPHSA had approximately 2,000 outstanding claims totaling \$199,000 with the previous provider, Magellan. The authority indicated that some of these claims were recently billed and some had been denied. FPHSA staff was reviewing denials received, making necessary corrections, and rebilling Magellan for the outstanding claims.

Because of the previous issues with Clinical Advisor, when FPHSA transitioned to its new EHR system it did not transfer any of the client information contained within Clinical Advisor. FPHSA had been maintaining paper copies of client information as a backup to Clinical Advisor. Instead, clients were manually added to the new system on their first visit post-implementation. Without accurate and complete information, claims submitted for payment would be at risk for denials; therefore, FPHSA's internal audit group performed procedures on active clients to ensure that accurate and complete information was being added to ICANotes for these clients.

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## Revenue Collections

In the prior engagement, it was noted that FPHSA was struggling with revenue collection on claims because of Clinical Advisor's system limitations and issues. For fiscal year 2016, FPHSA has again struggled with collections as a result of the implementation of FPHSA's new EHR system (ICANotes), implementation of a new edition of the International Classification of Disease codes (ICD-10), and the transition to the Bayou Health plans. As a result, there have been delays in billing and collections. We reviewed 10 clients with coverage under the Bayou Health plans and noted the following:

- At the time of our procedures, one claim for an encounter occurring on January 29, 2016, had not yet been submitted. Of the claims that had been submitted, the days from the client's encounter date to the date FPHSA submitted the claim ranged from the same day to 77 days later.
- At the time of our procedures, FPHSA had not yet received payment for five of the claims reviewed, two of which had been denied and one had not yet been submitted. Of the claims that it had received payment on, the days from the client's encounter date to the date FPHSA received payment ranged from 11 to 118 days.

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## **Reconciliation of Revenue to Accounting and Health Records**

During the timeframe in which Magellan was the managing organization for Medicaid claims, FPHSA experienced difficulties with the Magellan system of payment. Reconciliation of claims collections to accounting records and client files were very time consuming and did not always reconcile completely. One of the primary reasons for this issue was Magellan payments were electronically deposited into a central depository account along with other authorities, and FPHSA did not have access to the bank data.

In an effort to simplify the revenue classification process and resolve the reconciliation issues, FPHSA obtained a separate Tax Identification Number and depository accounts specifically for the authority. As a result, FPHSA is currently able to successfully reconcile payments received with claims billed and revenue recorded.

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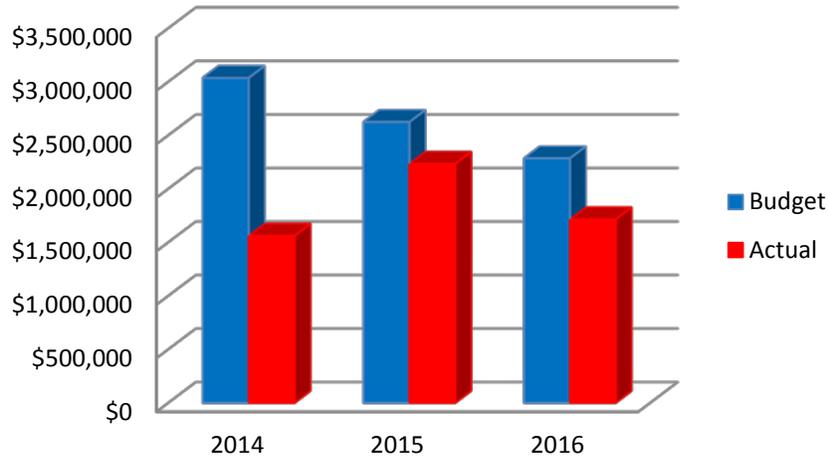
## **Self-generated Revenue Budgets**

In the prior year report, it was noted that FPHSA was not achieving its budgeted self-generated revenue, the amount of which was set by LDH.

For the fiscal year 2015 budget, FPHSA requested that LDH lower its budgeted self-generated revenue to \$2,624,525, which LDH granted. The authority collected 85% of that budgeted amount. While this was a significant improvement over fiscal year 2014, FPHSA was not able to achieve the same success for fiscal year 2016. For fiscal year 2016, FPHSA's budgeted self-generated revenue was further reduced to \$2,284,525, at the authority's request. As of June 30, 2016, the agency had collected approximately 75% of its budgeted self-generated revenue. The claims filings and revenue collections issues noted above have again resulted in billing and collections delays during fiscal year 2016.

The inability to achieve budgeted revenue essentially becomes a budget reduction for the authority and was absorbed through not filling vacant positions and instituting a one day per pay period furlough for all staff. As noted above, these actions have affected FPHSA's ability to provide services to its clients.

**Exhibit 1  
Fees and Self-generated Budget to Actual Revenues**



**Source:** Fiscal year-end 2014-2015 ISIS Reports; fiscal year 2016 ISIS Report at June 30, 2016

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**Comparison of Activity between Years**

We compared the most current and prior-year financial activity using FPHSA’s annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from FPHSA management for any significant variances that could potentially indicate areas of risk. FPHSA management provided reasonable explanations for all significant variances.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,  
  
 Daryl G. Purpera, CPA, CFE  
 Legislative Auditor

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## APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at the Florida Parishes Human Services Authority (FPHSA). Our objectives were to evaluate FPHSA's ability to deliver services to its clients and determine the effect of the implementation of the Bayou Health plans on the authority's ability to generate revenues, bill claims, and reconcile and report payments received. We also evaluated certain internal controls FPHSA uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. The scope of our procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The Annual Fiscal Reports of FPHSA were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. FPHSA's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

To achieve our objectives, we:

- Evaluated FPHSA's operations and system of internal controls through inquiry, observation, and review of contracts, policies and procedures, and laws and regulations applicable to FPHSA.
- Performed procedures on FPHSA's transition from the Louisiana Behavioral Health Partnership to Bayou Health. Our procedures included consideration of FPHSA's ability to file claims with Bayou Health and other third-party payers, collect on the claims filed, and reconcile revenue collections to accounting records and client health records.
- Interviewed agency personnel and analyzed data on the services provided to patients to determine what effect the transition to Bayou Health and budget reductions had on FPHSA's ability to deliver services.
- Compared the most current and prior-year financial activity using FPHSA's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from FPHSA management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at FPHSA and not to provide an opinion on the effectiveness of FPHSA's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.