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Report Highlights

Department of Health and Hospitals - Office of Behavioral Health - Louisiana Behavioral Health Partnership

Follow-up on Transition as Experienced by Five Human Services Districts/Authorities

Audit Control # 80140152

Financial Audit Services • September 2014

Why We Conducted This Audit

We conducted this audit to provide follow-up information on the transition issues for the Louisiana Behavioral Health Partnership (LBHP) as experienced by five human services districts/authorities (districts): Capital Area Human Services District, South Central Louisiana Human Services Authority, Metropolitan Human Services District, Florida Parishes Human Services Authority, and Acadiana Area Human Services District.

What We Found

In this follow-up report, we focused on issues noted in our prior report issued on August 14, 2013. While some of the issues noted previously have been fully or partially corrected, difficulties remain for the districts. Our follow-up work revealed the following:

Self-Generated Revenue Budget - The districts are still unable to meet their self-generated revenue budgets, resulting in cuts to expenses. These cuts have resulted in three of the districts not filling vacant staffing positions, causing increasing staff caseloads, longer waits for services, and drops in services delivered. The actual amount collected at June 30, 2014, was \$8,137,747 versus a budget of \$12,725,288.

Expired Claims - Third Party - While Metropolitan and Capital Area have been billing third-party claims by using systems other than Clinical Advisor, Magellan's claim system, the other three districts have not. The inability for Clinical Advisor to accommodate third-party billing has resulted in the likelihood of the three districts not collecting on claims totaling over \$1 million.

Third-Party Rates in Clinical Advisor - The districts that currently use Clinical Advisor were strongly encouraged to use 180% of the Medicaid rates as their third-party rate amounts, which they did despite the fact that some of their private insurance contract rates may exceed the system rates. In addition, private payers often pay on a sliding scale, which cannot be accommodated in Clinical Advisor.

Expired Claims - Medicaid - In an effort to assist in the recycling of older claims, Magellan lifted the timely filing system edit in the claims payment process, allowing the districts to file or refile claims where the dates of service were beyond one year. However, payment of these older claims may violate Medicaid regulations.

Reconciliation of Magellan Payments - The districts noted improvements in Magellan claims reconciliations, but recoupments of prior claims payments continue to cause difficulties. In response to our inquiry, the Office of Behavioral Health (OBH) indicated that Magellan identified 1,519 claims that were recouped from wrong districts for a total of \$39,363 in inappropriate recoupments.

DHH Fiscal continues to have 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 continue to not have timely access to funds that could potentially limit their ability to deliver future services.

We reviewed transactions totaling approximately \$1.8 million that were deposited into 17 different accounts with the number of days from payment to classification by DHH Fiscal ranging from four to 272 days.

In October and November 2013, DHH Fiscal adjusted a June 30, 2013 balance of \$260,559 out of DHH Agency 306 into DHH-OBH and two districts to properly classify the payments. However, \$135,952 was classified to DHH-OBH in error and the funds should have been coded to Acadiana. The error was corrected on June 27, 2014, resulting in Acadiana not having access to earned funds for almost a year. In a separate incident, approximately \$204,000 was improperly coded to DHH-OBH resulting in Acadiana not having access to this revenue for up to five months.

The original Magellan contract totaling \$357,628,660 began March 1, 2012, and terminated February 28, 2014. Amendment 9 exercised the extension option and extended the contract through February 28, 2015, for a total of \$544,804,729.

While progress has been made for some contract requirements, DHH-OBH still has significant technical requirements such as third-party billing, meeting the "meaningful use" standard, and connecting with the Louisiana Health Information Exchange that are not met which were included in the original contract approved in January 2012.

View the full report, including management's response, at www.la.gov.