

Tuesday, July 15, 2008

Honorable Judge J. William McLafferty
Santa Barbara County Superior Court
1100 Anacapa St., 2nd Floor
Santa Barbara, CA 93121-1107

**Board of Supervisors' responses to Fiscal Year 2007-2008
Grand Jury Report on 'Inpatient Psychiatric Treatment 16 BedsAnd Deeper in Debt'**

Dear Judge McLafferty:

During its regular meeting on Tuesday, July 15, 2008, the Board of Supervisors (Board) adopted the following as the Board's response to the findings and recommendations in their Fiscal Year 2007-2008 Grand Jury Report entitled 'Inpatient Psychiatric Treatment 16 BedsAnd Deeper in Debt'.

Finding 1: *There are not enough inpatient psychiatric beds within Santa Barbara County to serve its residents, which results in patients being transported out of the area.*

Response to Finding 1: **The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response - Agrees with the finding.**

Recommendation 1: *Santa Barbara County should plan to expand its psychiatric inpatient capacity, preferably by opening another inpatient facility in North County.*

Response to Recommendation 1: **The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response - Will not be implemented because it is not warranted or not reasonable.**

The Department of Alcohol, Drug and Mental Health Services (ADMHS) acknowledges that there is limited psychiatric inpatient bed capacity in Santa Barbara County, particularly in North County. However, there are not financial resources to fund an undertaking of this scope and cost.

I am pleased to report that the Department has taken steps to increase responsiveness to persons in North County who experience acute psychiatric distress.

In Spring 2008, ADMHS opened CARES North, an assessment and treatment center that provides intake, evaluation, crisis stabilization and brief interventions for individuals who have psychiatric conditions that significantly impair their daily lives.

CARES North includes a 12-bed crisis residential treatment center, licensed by the State Department of Mental Health as a short term crises residential facility and licensed by Community Care Licensing/State Department of Social Services as a Social Rehabilitation Facility. This center provides an alternative to psychiatric hospitalization for individuals whose urgent mental health treatment needs can be effectively addressed through short-term, 24-hour crisis residential services. Interventions provided by the crisis residential treatment center include 24 hour psychiatric availability, medication administration and monitoring, consultation and support to family members, as well as coordination with ongoing community mental health services. The community has been very pleased with the new CARES program in northern Santa Barbara County. Through CARES services, many clients can be diverted from unnecessary transport to Santa Barbara and or Ventura for emergency psychiatric treatment

Finding 2: *Since the closure of St. Francis Hospital, Santa Barbara County lacks a geriatric psychiatric inpatient facility. The existing Psychiatric Health Facility is not appropriate for geriatric patients, and Cottage Hospital's inpatient psychiatric unit does not have involuntary capability.*

Response to Finding 2: **The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response - Agrees with the finding.**

Recommendation 2: *The County should explore the possibility of a partnership with one of the general hospitals in the area to open a geriatric psychiatric unit.*

Response to Recommendation 2: **The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response - Has not yet been implemented, but will implement, during Fiscal Year 2008-09.**

The Department of Alcohol, Drug and Mental Health Services (ADMHS) has not recently explored the possibility of a partnership with one of the general hospitals in the area to open a geriatric psychiatric unit. During the next 12 months, ADMHS will initiate contact with the general hospitals in the County to explore the feasibility of developing geriatric psychiatric bed capacity, to include an exploration of the financial viability of any such development.

Finding 3: *Data collecting and reporting has been inconsistent, disorganized, and incomplete, which has resulted in conflicting and inaccurate information and possible lost revenue. The new*

data collection system that has been in place since July 2007 has not functioned well and some staff are not able to use it.

Response to Finding 3: The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response - Agrees partially with the finding as to initial implementation challenges.

Recommendation 3: *Alcohol, Drug and Mental Health Services should obtain and implement a data collection system that is user friendly, consistent, and interfaces seamlessly with information entered by clinicians. All data, including admissions and discharges from all County and contract facilities, should be entered into the system as these events occur. The billing status (e.g. Medi-Cal, Medicare, private insurance, etc.) should be clearly noted and readily retrievable.*

Response to Recommendation 3: The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response - Has been implemented.

In 2007, the Department of Alcohol, Drug and Mental Health Services (ADMHS) phased out its former system, Echo InSyst, as this company was scheduled to discontinue its support to this 25 year old system. ADMHS adopted a new system, Echo ShareCare. The Echo ShareCare product was chosen in part because of its ability to incorporate Alcohol and Drug Program features such as CalOms and ASI. Echo also demonstrated the flexibility that permitted ADMHS to retain Clinicians Gateway as our clinical data entry system. In June 2007 the new system implementation occurred. Implementation challenges emerged for a number of months, but significant progress has been achieved through a close working partnership between ADMHS and Echo.

Finding 4: *The clinical records at the Psychiatric Health Facility are still paper-based, necessitating staff to manually mail or fax records to outpatient clinics responsible for follow-up care of patients after discharge. Admission and discharge summaries are typed, but other records are handwritten and frequently difficult to read.*

Response to Finding 4: The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response - Agrees with the finding.

Recommendation 4: *The Psychiatric Health Facility should convert to electronic recordkeeping, as is now done in all outpatient facilities, thereby making patient records readily accessible to those responsible for providing aftercare.*

Response to Recommendation 4: The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response - Has not yet been implemented, but will implemented, during Fiscal Year 2008-09.

The Department of Alcohol, Drug and Mental Health Services (ADMHS) plans to convert all users into electronic submission during FY 2008/2009.

Finding 5: *Alcohol, Drug and Mental Health Services is chronically under-funded, and Santa Barbara County contributes only 2.4% to the Alcohol, Drug and Mental Health Services budget from the County General Fund, contrasted with an average of 6% in other California counties.*

Response to Finding 5: **The Board adopted - Agrees partially with the finding as to the 2007-08 Adopted budget; however the Board allocated an additional \$6.9 million for a total of \$8.7 million or 9.3% approximately for fiscal year 2007-08.**

Recommendation 5: *The County should increase the contribution to Alcohol, Drug and Mental Health Services from the General Fund to at least match the average paid by other California counties.*

Response to Recommendation 5: **The Board adopted - Has been implemented.**

For fiscal year 2008-09 the Board adopted an additional \$4.2 million to the recommended \$3.1 million **ongoing** (4%) for total of \$7.3 million or 9.3% approximately. The Board also allocated an additional \$3 million from the General Fund towards an ADMHS audit reserve to preserve service levels. If this is needed as anticipated the percentage will be approximately \$10.3 million or 13.2% **(Please see attached General Fund Contribution chart for clarification)**

Finding 6: *Slow payments from Medi-Cal require Alcohol, Drug and Mental Health Services to borrow money from the County. The County charges Alcohol, Drug and Mental Health Services interest on borrowed funds. This cost the department approximately \$400,000 last year and is expected to double this year.*

Response to Finding 6: **The Board adopted - Agrees with the finding.**

Recommendation 6: *Santa Barbara County should stop charging Alcohol, Drug and Mental Health Services interest for funds it needs to borrow due to circumstances beyond its control.*

Response to Recommendation 6: **The Board adopted - Will not be implemented because it is not warranted or not reasonable.**

Since there is a real true Medi-Cal reimbursements delay of six months and \$15 million in arrears as the Grand Jury has accurately pointed out; it is appropriate to reflect the negative interest earned or cost to the County's overall cash pool and many other agencies within that cash pool. As stated in response to recommendation 5 the Board has adopted additional General Fund dollars for fiscal year 2008-09 (\$7.3 million or 9.3%) exceeding the charge for interest.

Finding 7: *The cash basis accounting system used by Alcohol, Drug and Mental Health Services does not give a clear picture of the financial performance of the Department.*

Response to Finding 7: **The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response and Auditor-Controllers response – Partially disagree with the finding. Generally Accepted Government Accounting principles require the County maintain financial records on the modified accrual basis of accounting. This is**

neither a cash basis nor full accrual basis. Currently under the County modified accrual method cash receipts are recorded in the month received and accruals are posted at year-end. Revenues are recognized only when measurable and available.

Recommendation 7: *Alcohol, Drug and Mental Health Services should initiate accrual basis accounting instead of, or in addition to, the current cash basis system.*

Response to Recommendation 7: **The Board adopted the Alcohol, Drug & Mental Health Services (ADMHS) Department's response and Auditor-Controllers response - Has not yet been implemented, but will be implemented, during Fiscal Year 2008-09.**

The Department of Alcohol, Drug and Mental Health Services (ADMHS) in concert with the Auditors Controllers office is scheduled to convert to a modified accrual base accounting system effective, first quarter of FY 2008/2009. The ADMHS Department and the Auditor's Office have and will continue to work closely in this transition in order to best reflect the Departments ongoing financial status.

The Auditor-Controller department is assisting the ADMHS department to improve the financial provisions of third party contracts, their accounting, departmental reporting and the internal control framework.

As an additional comment, we (Auditor-Controller department) agree with the Grand Jury that the current recording of Medi-Cal revenues on a monthly basis needs to be improved.

The management of Medi-Cal services is complex, including the rules and regulations, and significant deficiencies at the State Department of Mental Health Services, as revealed in a recent State audit report. While the Grand Jury has pointed out the need for improvement in Medi-Cal accounting that is only a small segment of what needs to be improved. The management of the many facets of Medi-Cal administration and the financial provisions related to these programs all need to be reviewed and improved. Process improvements are necessary in contract administration, eligibility, operating budgets, rate setting, accounting for revenues, billing and payment procedures, cost reporting to the State, settlement reports with the State and non-profit providers, preparing and responding to audits. One very critical element to the operating controls revolves around the units of service incurred and the assurance of Medi-Cal eligibility. The department must control units of service and costs for both Medi-Cal and Non-Medi-Cal services. This has to be accomplished within the limits of local revenue resources available for Mental Health services.

Sincerely,

Salud Carbajal
Board of Supervisors, Chair

cc: Grand Jury Foreperson

