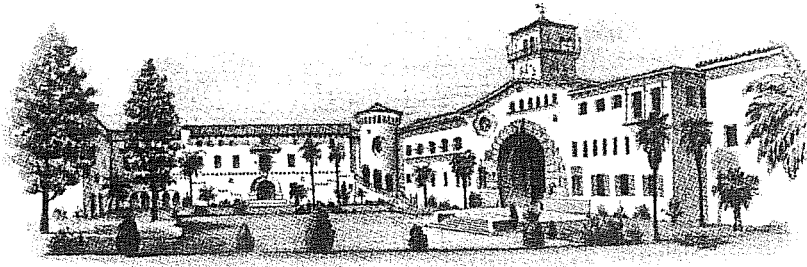


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## COUNTY OF SANTA BARBARA

July 24, 2009

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

### **Board of Supervisors' Responses to Fiscal Year 2008-2009 Grand Jury Report "Alcohol, Drug, and Mental Health Services- An Uncertain Financial Future"**

Dear Judge McLafferty:

During its regular meeting on July 7, 2009, the Board of Supervisors (Board) adopted the following as the Board's response to the relevant findings and recommendations in the Fiscal Year 2008-2009 Grand Jury Report entitled, "Alcohol, Drug and Mental Health Services- An Uncertain Financial Future."

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#### **FINDING 1:**

*The ShareCare billing software has not performed as expected, and has failed to bill Medi-Cal and Medicare in a timely manner.*

**Response:** The Board agrees with this finding.

#### **RECOMMENDATION 1:**

*That in the future the Alcohol, Drug and Mental Health Services Department purchase only proven software and maintain a backup program until the new program is fully implemented and functional.*

**Response:** The Board adopted the response of the County Executive Office as its response: "The County Executive Office agrees with this recommendation. Staff in the Alcohol, Drug, and Mental Health Services Department is presently working to ensure that Medi-Cal and Medicare billings are brought current and that adequate backup systems are in place. We further recommend that in accordance with the new County Information Technology

Strategic Plan and structure that information technology staff will review all pertinent proposals, contracts, and purchases for hardware and software.”

## **FINDING 2**

*Many of the financial liabilities of the past eight years would never have been incurred if adequate accounting systems had been in place.*

**Response:** The Board agrees with this finding.

## **RECOMMENDATION 2**

*That the Santa Barbara County Auditor-Controller continue to review and monitor the accounting activities of the Alcohol, Drug and Mental Health Services Department.*

**Response:** The Board adopted the response of the County Executive Office as its response: “The County Executive Office agrees with this recommendation and recognizes the significant effort the Auditor-Controller has made in assisting ADMHS with its accounting and business practices. In addition, CEO staff is working closely with the Auditor-Controller and ADMHS staff in order to improve accounting processes.”

In addition, at the July 7, 2009, Board of Supervisors meeting, the Board formally requested that the Alcohol, Drug and Mental Health Services Department report to the Board on a quarterly basis in FY 2009-2010 regarding actions taken in response to organizational issues. Also attached is a compilation of key action items and issues being worked on. Finally, the Board wishes to thank the Grand Jury for its findings and recommendations on this important matter.

Sincerely,

 Co. Chair

Joseph Centeno, Chair  
County of Santa Barbara  
Board of Supervisors

cc: Ted Sten, Grand Jury Foreman  
Michael F. Brown, County Executive Officer  
Robert Geis, Auditor-Controller  
Dr. Ann Detrick, Director, Alcohol, Drug and Mental Health Services

Attachment

**Alcohol, Drug and Mental Health Services  
Departmental Action Plan  
2008-2010**

The following chart is a compilation of key actions taken in response to multiple organizational issues that have arisen in the Alcohol, Drug and Mental Health Services Department. The compilation reflects completed, pending, and ongoing items within the department.

<b>Item</b>	<b>Completed , Pending, Ongoing</b>
<b><u>I. Contracts</u></b>	
<b>Objectives: Incorporate enforceable terms and conditions into Community Based Organization (CBO) contracts; eliminate ambiguity in contract language; strengthen internal controls.</b>	
A. In 2008/09, ADMHS in concert with the Auditor-Controller and County Counsel constructed new contracts. New contracts were rolled out as follows:	Work group met throughout 2008/2009
Children’s Mental Health Services –Budget Required	Completed 5/2008
Children’s Exhibit A – Statement of Work	Completed 7/1/2009
Children’s Exhibit B – Financial Provisions	Completed 7/1/2008
Children’s Exhibit B-1 – Payment Arrangements	Completed 7/1/2008
Adult Mental Health Services-Budget Required	Completed 5/2008
Adult Exhibit A – Statement of Work	Completed 8/1/2008
Adult Exhibit B – Financial Provisions	Completed 8/1/2008
Adult Exhibit E – Outcomes	Completed 8/1/2008
Children’s Residential (out of county) – Budget Required	Completed 5/2008
Children’s Exhibit B – Financial Provisions	Completed 7/1/2009
Mental Health Service Act (MHSA) (Children/Adult) – Budget Required	Completed 7/1/2009
MHSA (Children/Adult) – Exhibit A – Statement of Work	Completed 7/1/2009
MHSA (Children/Adult) – Exhibit B – Financial Provisions	Completed 7/1/2009
MHSA (Children/Adult) – Exhibit B-1 – Payment Arrangements	Completed 7/1/2009
MHSA (Children/Adult) – Outcomes	Completed 7/1/2009
ADP-Drug Medi-Cal/Net Negotiated Amount (DMC/NNA) Contract (combined in FY 09-10) – Budget Required	Completed 5/2008
ADP-DCM/NNA – Exhibit A – Statement of Work	Completed 7/1/2009

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ADP –DCM/NNA – Exhibit B –Financial Provisions	Completed 7/1/2009
ADP-DCM/NNA – Exhibit B-1 – Payment Arrangements	Completed 7/1/2009
ADP-DCM/NNA – Exhibit E – Outcomes	Completed 7/1/2009
B. ADMHS filled a new position (Cost Analyst) whose work efforts are centered on contract monitoring	Completed 6/2009
C. Tools were designed to monitor contracts for conformance to contract funding, budgets, and services	Completed Third quarter FY 08/09
D. The Executive Team will receive contract monitoring updates	Ongoing
<b><u>II. Cost Reports</u></b>	
<b>Objectives: Ensure that cost reports are prepared according to the State Department of Mental Health (DMH) directives; prepare an instruction manual to provide guidance for the preparation of the annual mental health cost report.</b>	
A. Working with the Auditor-Controller’s office, the Team developed a cost report instruction manual for alcohol drug and mental health services	Completed 2/2009
B. ADMHS reformatted back-up documentation for cost reports for the 2007/08 cost report	Completed 12/2008
C. ADMHS identified and hired key staff members to be responsible for completing and managing cost reports	Completed Fourth quarter 2008/09
D. All reconciliation for amounts received from the State to costs reported in cost report has been informally communicated to the Auditor-Controller in the past. All on-going potential reconciliation results will be formally communicated to the County Executive Officer and Auditor-Controller	Ongoing

**Alcohol, Drug and Mental Health Services  
Departmental Action Plan  
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<p style="text-align: center;"><b><u>III. Cost Settlement</u></b> <b>Objective: Calculate any potential liability related to disclosure items; perform a cost settlement with CBOs.</b></p>	
<p>A. ADMHS will outline Cost Settlement Process with the State with a written policy and procedure</p>	<p style="text-align: center;">Target for completion Second quarter FY 2009/10</p>
<p>B. State Provisional Rates will be revised throughout the year. This occurred in March 2009 and a policy and procedure outlining the process will be developed</p>	<p style="text-align: center;">Target for completion Second quarter FY 2009/10</p>
<p>C. CBO cost settlements policy and procedure will be developed</p>	<p style="text-align: center;">Target for completion First quarter 2009/10</p>
<p>D. Revision of interim provisional rates occurred in March 2009. Process will be documented in an on-going procedure</p>	<p style="text-align: center;">Target for completion First quarter 2009</p>
<p>E. In the area of collection and/or return of amounts due to/from CBO, language has been included in the redesigned contracts</p>	<p style="text-align: center;">Completed March 2009</p>
<p style="text-align: center;"><b><u>IV. ShareCare System</u></b> <b>Objective: Analyze the functionality of the client management and billing system (ShareCare); get current on billings for Medicare and Medi-Cal.</b></p>	
<p>A. ADMHS timeliness of billings is reviewed on the three main payor sources with the following results</p>	<p style="text-align: center;">Ongoing</p>
<p>1. All MediCal billings are now occurring and related denial rates have significantly improved</p>	<p style="text-align: center;">Completed November 2008</p>
<p>2. Medicare billing is now occurring on a regular basis and payments are consistently being received</p>	<p style="text-align: center;">Completed January 2009 for Part A and April 2009 for Part B</p>
<p>3. Billings for dual qualified clients –This capability is new to Santa Barbara County and is included in the ShareCare newest version release</p>	<p style="text-align: center;">Target for completion August 1, 2009</p>
<p>4. The ability to follow up on disallowed units will be provided on the newest ShareCare</p>	<p style="text-align: center;">Target for completion August 1, 2009</p>

**Alcohol, Drug and Mental Health Services  
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<p style="text-align: center;"><b><u>V. Accounting Restructuring</u></b></p> <p><b>Objectives: Enhance the accumulation of financial information in order to provide more accurate and clear operational financial reporting; incorporate internal controls; work with the Auditor Controller in making adequate estimates for financial reporting and decision-making.</b></p>	
<p>A. Allocation of administrative costs between funds should be performed and documented in a Policy &amp; Procedure</p>	<p>Function completed June 2009. Policy – Target for completion First quarter 2009/10</p>
<p>B. Timely Budget adjustments</p>	<p>Target for completion First quarter 2009/10</p>
<p>C. Analyze accounts receivable</p>	<p>Completed Fourth quarter 2008/09</p>
<p>D. Accounting structure for American Recovery and Reinvestment Act funding (ARRA)</p>	<p>Completed Fourth quarter 2008/09 and continuing</p>
<p>E. Monitor State and other audits and report to CEO and A/C. The monitoring function is occurring; we will formalize the communication process.</p>	<p>Completed Second quarter 2009/10</p>
<p>F. Reduce billing delays and errors. Significant improvement occurred during the fourth quarter of 2008/09. (Also, see section IV). We will now document the process with a Policy &amp; Procedure.</p>	<p>Target for completion Second quarter 2009/10</p>
<p style="text-align: center;"><b><u>VI. Oversight</u></b></p>	
<p>Report on quarterly basis in FY 2009-2010 to the Board of Supervisors. Provide update on departmental key actions and ongoing issues.</p>	<p>Ongoing quarterly</p>