



A Report
to the
Citizens
of
Salt Lake
County,
the Mayor,
and the
County
Council

A Performance Audit of the

Salt Lake County Division of Substance Abuse Services

June 2008

Jeff Hatch

Salt Lake County Auditor

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I. Executive Summary

Background

The Division of Substance Abuse Services (The Division) is part of the Human Services Department. The Division is the Local Substance Abuse Authority for Salt Lake County (all county governing bodies in the State of Utah are local substance abuse authorities).

The primary mission of The Division is:

To move Salt Lake County into the forefront of leadership in changing social policy that moves substance abuse services from a social program to a health service. The Division administers the public substance abuse services system through needs assessment, planning, networking, advocacy, and quality assurance activities.

The Division administers services under the direction of the Local Substance Abuse Authority (the County Council) in Salt Lake County. The County's alcohol and drug abuse prevention and treatment program is the largest in Utah. The Division oversees both treatment and prevention services which are provided for County citizens. The Division is not a direct service system, but is a fully sub-contracted system of local, community-based service providers. The Division offers the following three primary types of services:

- Assessment and referral services staffed by licensed therapists, who assess and refer clients to licensed, sub-contracted treatment providers in the community.
- Treatment services provided through contracted, licensed agencies.
- Prevention services provided by contracted agencies such as school districts and other prevention providers.

The Division is statutorily mandated to provide substance abuse services to residents of Salt Lake County. In addition, the State of Utah requires that the County provide a 20 percent match on the State general fund money allocated by the State Legislature. Some of the other provisions set forth in Utah Code 17A-3-701 for Local Substance Abuse Authorities require the County to:

- Review and evaluate substance abuse prevention and treatment needs and services.
- Provide primary prevention, targeted prevention, early intervention, and treatment services.
- Establish and maintain programs, either directly or by contract.
- Annually prepare and submit a plan to the State Division of Substance Abuse for funding and service delivery.
- Appoint directly or by contract a full or part-time director for substance abuse programs.
- Annually contract with the State Division of Substance Abuse to provide substance abuse programs.
- Promote or establish programs for the prevention of substance abuse within the community setting through community-based prevention programs.

For CY2007, the County's Division of Substance Abuse total budget was \$16,384,328. The funding provided by the County was \$3,958,161 (24 percent match).

The Division receives funding from the State general fund, from the federal government through several grants, and from the County. The Division is also an active participant in several statewide programs and receives some funding from these programs.

The main contract between the State and the County is a pass-through reimbursement contract. The payment of pass-through funding to the County is based on supporting documentation from the County showing that service costs were necessary, reasonable, and actually incurred in providing the services required by the contract. To obtain payment for the services, the County submits to the State, on a monthly basis, an itemized billing for its authorized services, together with supporting documentation.

The Division funds prevention and treatment services. The Division provides prevention services to decrease or eliminate substance use and abuse among County citizens. The goal of prevention services is to provide information and skills needed for people to make healthy life choices. Prevention services are targeted at schools and neighborhoods and aim to reduce, decrease, or eliminate the use of tobacco, alcohol, and other drugs. Prevention services are divided into *universal*, *selective*, and *indicated* segments of the population.

The Division funds a continuum of treatment services for the adult/general, adolescent, and pregnant/parenting female populations who are at risk for substance abuse dependency or are substance dependent. Nationally standardized assessment and placement criteria provide the structure for coordinated services.

The Division is, overall, a well-managed operation, with additional attention to detail recommended in some areas. We found the operations we reviewed were generally in compliance with applicable statutes, ordinances, and policies. However, we identified some areas where the Division can further improve internal controls and monitoring of services.

Findings and Analysis

Valley Mental Health (VMH) submitted billings with transactions related to service codes that were not authorized by their contract (§1.0 of Report). The Division contracts with each provider for a specific continuum of services. The billable rates for each service are specified in rate tables included in the contract with the provider.

Valley Mental Health is the only subcontractor that does not use the UWITS billing software to submit billing data to The Division. For the time period July 2007 through February 2008, VMH submitted 46,668 lines of billing data for The Division to manually review for reimbursement.

We used a data query tool, Audit Command Language (ACL), to determine if the service codes submitted by VMH matched the codes allowed in the contract rate tables. We also used ACL to reconcile billing data received from VMH to payments disbursed by Substance Abuse Service. The billing data submitted by VMH included service codes not authorized in the rate tables. In addition, VMH billings included reimbursement above the utilization limits specified in the contract; thereby significantly increasing the amount and complexity of data The Division must manually review. The effort required to manually reconcile these billings is

an inefficient use of the Fiscal Manager's time. The Fiscal Manager must sort through the billings to flag amounts which are unauthorized or exceed category limitations.

Thus, there is a risk that Substance Abuse is reimbursing VMH for treatment services that are not authorized, and overpaying monthly reimbursements. Although monthly payments to VMH cannot exceed 1/12 of the total contract amount, the Fiscal Manager must compare the amount billed with the percentage of the total contracted amount for each service code to ensure that VMH is not reimbursed too much for each level of funding.

RECOMMENDATIONS:

1. *The Division should continue to encourage and resolve issues blocking the implementation of the interface developed between VMH's electronic medical record system and the UWITS system to transfer billing data to The Division electronically.*
2. *The documentation and billing reports which The Division will accept from VMH should be specified in the contract. Going forward, contract language should require VMH to submit billings for only the service codes and related funding levels specified in their contract.*

There was disagreement between VMH and The Division regarding the electronic interface to be used for submitting data (§2.0 of Report). Because VMH does not use the UWITS billing system to record client data, their information is submitted to The Division using an Excel spreadsheet which includes client information, service codes, dates of services, and amounts. VMH's justification for this is their investment of significant time and money in developing, enhancing, and maintaining their own, proprietary billing system. Therefore, they are reluctant to modify their system or utilize the UWITS billing system. As a result, an electronic interface was developed to enable VMH to transmit electronic health records. According to a letter from The Division, dated March 12, 2008, addressed to Contracts and Procurement, the electronic interface "has already been programmed, but ongoing disagreements of a very complicated, technical nature between Substance Abuse Services and Valley Mental Health over the applicable rules and regulations that guide this type of interface have snarled this process for months." A technical consultant was hired to review the interface between VMH and The Division and ensure that it was compliant with all State and Federal guidelines.

COMMENDATION:

We commend Substance Abuse Services for their proactive actions in building an interface between the UWITS billing system and VMH's billing system to transmit client information from VMH.

One contract provider did not respond to the recommendations in the final report of their quality assurance review (§4.0 of Report). The Division conducts Quality Assurance site visits with treatment providers on an annual basis. The intent of the review process and

site visits is to ensure that services are provided in accordance with the requirements of the Salt Lake County contract. The review affords The Division the opportunity to learn more about the service provider's programs, their staff, and their clients. During the site visit, staff from The Division reviews client records and other documentation. The Division provides a written report of the visit detailing any audit findings and recommended corrective actions.

To determine whether each contract provider responds to the recommendations, we reviewed the final report findings and examined the contract provider responses. The Division prepares audit findings specific to each contracted program. Most contract providers responded by stating the procedures they will implement to correct the issues addressed. However, one contractor, VMH, had six programs that were audited, yet only responded to the audit recommendations in four of the six reviews performed. The Division's Quality Assurance Manager was unaware that the responses had not been received

When a service provider neglects to respond to the audit recommendations listed in the Quality Assurance site visit reports, the findings from the site visit may not be resolved by the provider.

RECOMMENDATION:

The Quality Assurance Manager should ensure that each contract provider responds in writing, with a plan of corrective action, to audit findings and recommendations related to all programs reviewed.

A reconciliation was not performed on prevention provider billings (\$7.0 of Report). To review The Division's monitoring of billings from contracted prevention providers, we compared a sample of the amounts billed by prevention providers to the billing matrix in the provider contract for the *universal, selective, indicated, and early intervention* services. Client records for early intervention services are recorded in the UWITS billing system, so we compared a sample of the amount billed by providers in UWITS to the billing matrix in the contract. In addition, for all categories of services examined in the sample, we traced the billings to the reimbursement request submitted to the State of Utah.

We found errors when comparing these three sources of reconciliation. When we compared the prevention provider billings tracked in a spreadsheet (PBS) by The Division Data Analyst, the prevention payment spreadsheet (ISS) maintained by The Division Accountant, and the Cost of Service Billing Form (CSBF) prepared by The Division Fiscal Manager, there were differences.

We found a difference of \$14,301.11 between the ISS and the CSBF. We determined that the difference was due to The Division Accountant inadvertently not updating two provider payments in January 2008 to the ISS.

Our comparison between the ISS and the PBS resulted in a difference of \$67,781.79. The ISS did not match the PBS for 8 of the 19 providers (42 percent). As a result of our review, we determined that the amount Substance Abuse requested for reimbursement from the State of Utah was short by \$82,082.90.

An adjustment should be made on the April 2008 invoice to resolve the problem. Although the adjustment can be made and the County will eventually receive the amount, it is best business practice to reconcile supporting documentation to source documents on a monthly basis to detect errors. Currently, a three-way reconciliation is not performed each month between: 1) the provider billings, 2) provider payments, and 3) the reimbursement requests submitted to the State of Utah.

ACTION TAKEN:

- 1. A monthly, three-way reconciliation is currently performed comparing the provider billings, provider payments, and the reimbursement requests submitted to the State of Utah.***
- 2. An adjustment was included on the Cost of Service Billing Form submitted to the State of Utah to correct the error of the reimbursement amount requested in prior months.***

The remainder of this report discusses these and other findings and recommendations in detail in the following sections:

- II. Introduction
- III. Scope and Objectives
- IV. Summary of Findings and Recommendations
- V. Findings and Analysis

II. Introduction

The Division of Substance Abuse Services (The Division) is part of the Human Services Department. The Division is the Local Substance Abuse Authority for Salt Lake County (all county governing bodies in the State of Utah are local substance abuse authorities).

The primary mission of The Division is:

To move Salt Lake County into the forefront of leadership in changing social policy that moves substance abuse services from a social program to a health service. The Division administers the public substance abuse services system through needs assessment, planning, networking, advocacy, and quality assurance activities.

The Division administers services under the direction of the Local Substance Abuse Authority (the County Council) in Salt Lake County. The County's alcohol and drug abuse prevention and treatment program is the largest in Utah. The Division oversees both treatment and prevention services which are provided for County citizens. The Division is not a direct service system, but is a fully sub-contracted system of local, community-based service providers. The Division offers the following three primary types of services:

- Assessment and referral services staffed by licensed therapists, who assess and refer clients to licensed, sub-contracted treatment providers in the community.
- Treatment services provided through contracted, licensed agencies.
- Prevention services provided by contracted agencies such as school districts and other prevention providers.

The responsibilities of the Division include:

Substance Abuse Services is the local substance abuse authority for Salt Lake County who provides oversight and coordination of all subcontracted alcohol and drug services.

- Acting as the local substance abuse authority.
- Establishing service priorities.
- Managing and coordinating funds.
- Providing oversight and coordination of all subcontracted alcohol and drug services.
- Providing comprehensive, system-wide planning and evaluation as well as need assessments.
- Ensuring the needs of the public are being met effectively by using proven models and strategies.
- Providing planning and program development
- Providing training for professionals and the community.
- Conducting audits and evaluations of treatment and prevention providers.

The Division uses the following three sources to develop its treatment and prevention services mix.

- 1) The State Department of Substance Abuse and Mental Health
- 2) The Salt Lake County Coordinating Council
- 3) The Mayor's Office through the Salt Lake County Alcohol, Drug Planning and Allocation Advisory Committee (ADPAC).

The Division works closely with ADPAC, which is created by authorization of the Salt Lake County Mayor. ADPAC acts in an advisory capacity to the Executive and The Division on matters related to the planning and allocation of alcohol and drug services in the County and to the allocation of all public funds available for that purpose. ADPAC, in concert with The Division, advocates for alcohol and drug issues and informs public policy makers and the public on issues, needs, resources, and policies which affect the residents of the County. ADPAC has two advisory roles. The first is to advise The Division on its purchased service mix; and, second, to advise the Mayor on which agencies the County should contract with.

The Coordinating Council includes all agencies that contract with The Division plus other allied agencies such as the Division of Child and Family Services and Salt Lake County Criminal Justice Services.

The Division re-bids all current prevention services on a three-year cycle and current treatment services on a five-year cycle. The re-bid process is administered by the Division of Contracts and Procurement and follows County procurement code.

The Division is statutorily mandated to provide substance abuse services to residents of Salt Lake County. In addition, the State of Utah requires that the County provide a 20 percent match on the State general fund money allocated by the State Legislature. Some of the other provisions set forth in Utah Code 17A-3-701 for Local Substance Abuse Authorities require the County to:

- Review and evaluate substance abuse prevention and treatment needs and services.
- Provide primary prevention, targeted prevention, early intervention, and treatment services.
- Establish and maintain programs, either directly or by contract.
- Annually prepare and submit a plan to the State Division of Substance Abuse for funding and service delivery.
- Appoint directly or by contract a full or part-time director for substance abuse programs.
- Annually contract with the State Division of Substance Abuse to provide substance abuse programs.
- Promote or establish programs for the prevention of substance abuse within the community setting through community-based prevention programs.

In 2007, the County's Division of Substance Abuse had a total budget of \$16,384,328. The funding provided by the County was \$3,958,161, or 24% of the total. Figure 1, on page 8, shows the revenues and expenditures for 2007.

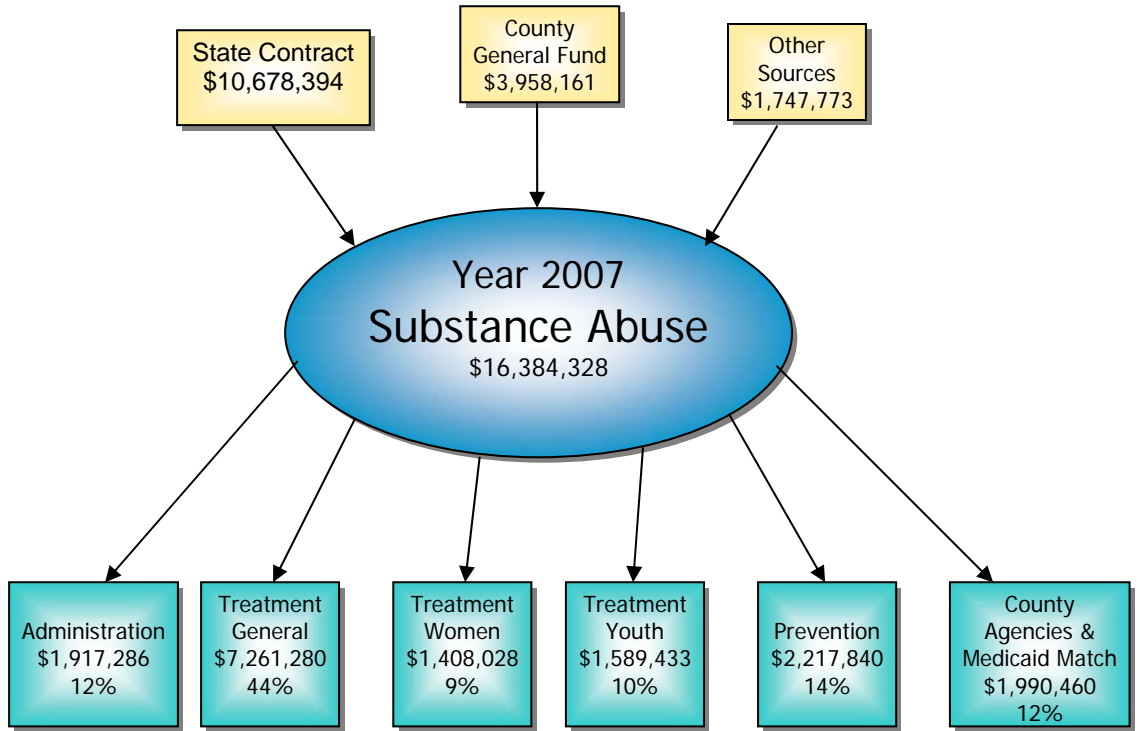


Figure 1. 2007 Revenues and Expenditures for The Division.

The Division receives funding from the State general fund, from the County, and from “other sources” such as the federal government through several grants. The Division is also an active participant in several statewide programs and receives some funding from these programs.

The main contract between the State and the County is a pass-through reimbursement contract. The reimbursements to the County are based on documentation showing that the service costs were necessary, reasonable, and actually incurred. To obtain payment for these services, the County submits to the State a monthly itemized billing, together with the supporting documentation.

The Division is required to submit to the State Division of Substance Abuse an Area Plan to outline its efforts to comply with all State and Federal requirements, and describe the direct services they will provide to the local area (e.g., the County) for the upcoming year. The area plan describes the goals and objectives for prevention services and lists the treatment services offered by the County. The receipt of its annual funding allocation is conditioned upon The Division having an approved Area Plan for the corresponding fiscal year.

The Division funds services for prevention and treatment services. Prevention services are designed to decrease or eliminate substance use and abuse among County citizens. The goal is to provide information and skills needed for people to make healthy life choices. These services are targeted at schools and neighborhoods in an effort to reduce, decrease, or eliminate the use of tobacco, alcohol, and other drugs.

Prevention services are divided into:

- **Universal prevention** – earmarked for the general population,
- **Selective prevention** – earmarked for select high-risk members of the population,
- **Indicated prevention** – for those who need intervention, such as youth who have been involved with the juvenile drug court.

Although The Division directly provides assessment and referral services, it subcontracts the majority of its prevention and treatment services to provide a comprehensive continuum of services for Salt Lake County residents.

The Division contracts with private, non-profit, and public agencies that can demonstrate they are utilizing research-based treatment methods and have a clear understanding of the clinical needs of the populations served. (See Appendix A for a list of substance abuse prevention and treatment services providers.)

Community partners, such as juvenile and adult courts, schools, hospitals, shelters, private citizens, corrections, attorneys, social service providers, and other County agencies refer individuals to The Division for substance abuse evaluations as a vehicle to match client needs with the appropriate level of intervention.

In addition, The Division provides advocacy, technical assistance, training, and planning services to a wide variety of groups, organizations, and individuals who play a role in providing prevention and treatment services. These services are provided in conjunction with the ongoing activities of the Salt Lake County Alcohol and Drug Coordinating Council, the Provider Services Coordinating Council (treatment providers), and the Prevention Specialists Network (prevention providers).

The Division funds a continuum of treatment services for the adult/general, adolescent, and pregnant/parenting female populations who are at risk for substance abuse dependency or are substance dependent. Nationally standardized assessment and placement criteria provide the structure for coordinated services. The Division uses a reference book published by the American Society of Addiction Medicine (ASAM) titled the *American Society of Addiction Medicine Patient Placement Criteria for the Treatment of Substance-Related Disorders, Second Edition Revised* (ASAM PPC-2R). The ASAM PPC-2R describes treatment as a continuum marked by five basic levels of care. These levels of care are defined in the ASAM PPC-2R¹, and include the following levels:

- Level 0.5: Early Intervention
- Level I: Outpatient Treatment
- Level II: Intensive Outpatient/Partial Hospitalization Treatment
- Level III: Residential/Inpatient Treatment
- Level IV: Medically Managed Intensive In-Patient Treatment

County funded clients are typically indigent, homeless, uninsured, and without the means to pay for treatment services. Eligibility for financial aid programs generally qualifies people for County funding. Within these client definitions, The Division has established the following priority order for admission to treatment services:

1. Pregnant and parenting, injecting drug users
2. Pregnant and parenting, drug abusers
3. Injecting drug users
4. HIV positive drug users
5. All other substance abusers

The number of clients served by The Division has increased from 2004 to 2007 as is shown in the table below.

Clients Served							
Program	Year						
	2004	2005	%	2006	%	2007	%
General	4,578	7,460	63	7,949	7	8,307	5
Women	772	1,096	42	1,030	[6]	974	[5]
Youth	1,001	1,463	46	1,251	[14]	1,314	5
Total	6,351	10,019	58	10,230	2	10,595	4

Table 1. Clients served are categorized into three program areas: Youth, Women, and General.

The Division has developed specific services for pregnant women and women with dependent children. Women's treatment services are designed to address the specific needs of women and their children. Any medical problems, including prenatal needs identified, are addressed either by program medical staff or referred to appropriate medical providers. Gender specific services are expected to address relationship issues, child care and parenting needs, physical and sexual abuse trauma, and vocational training, integrated with substance abuse treatment recovery.

III. Scope and Objectives

This audit examined operations of The Division from July 1, 2007 through March 31, 2008, and, accordingly, included such tests of the records and other auditing procedures as we considered necessary in the circumstances. The scope of this audit was limited to a review of the processes used in delivering and monitoring the substance abuse programs, and did not include a review of controlled assets, cash collections, or petty cash funds.

This audit was limited to a review of the processes used in delivering and monitoring substance abuse programs.

Accordingly, our work was designed to achieve the following audit objectives:

- Review the administration of The Division and determine if applicable County ordinances and policies were followed.
 - Determine if The Division efficiently performed its duties.
-
- Assess compliance with statutory requirements.
 - Evaluate the effectiveness of The Division by determining if it met its mission and goals.
 - Evaluate of The Division's compliance with and enforcement of the sub-contracting process used in delivering and monitoring substance abuse programs.
 - Assess The Division's effectiveness in administering and coordinating public funds for substance abuse treatment and prevention services.

Although we performed work designed to test each audit objective, comments are limited to those which address material operational issues and concerns. Our reviews of records and documents were limited to samples. We did not look at 100 percent of the records. As with all sampling, there is a risk that issues may not be identified.

IV. Summary of Findings and Recommendations

#	Finding	Recommendation(s)	Main Report Reference Page
1.0	Valley Mental Health submitted billings with transactions related to service codes that were not authorized by their contract.	<p>1. The Division should continue to encourage and resolve issues blocking the implementation of the interface developed between VMH's electronic medical record system and the UWITS system to transfer billing data to The Division electronically.</p> <p>2. The documentation and billing reports which The Division will accept from VMH should be specified in the contract. Going forward, contract language should require VMH to submit billings for only the service codes and related funding levels specified in their contract.</p>	14
2.0	There was disagreement between VMH and The Division regarding the electronic interface to be used for submitting data.	We commend Substance Abuse Services for their proactive actions in building an interface between the UWITS billing system and VMH's billing system to transmit client information from VMH.	15
3.0	Standard operating procedures should be documented in writing.	The Division should prepare written policies and procedures to ensure that the purpose, authority, and responsibilities of the Division are clearly specified, and available for ready reference.	16
4.0	One contract provider did not respond to the recommendations in the final report of their quality assurance review.	The Quality Assurance Manager should ensure that each contract provider responds in writing, with a plan of corrective action, to audit findings and recommendations related to all programs reviewed.	17
5.0	One treatment provider did not reimburse Salt Lake County for billing errors.	The Division should provide additional follow-up to treatment provider fiscal site visit responses to ensure that all requests are implemented.	18
6.0	Supporting documentation for early intervention payments did not match UWITS	The Division Fiscal Manager should perform a monthly reconciliation between UWITS transactions and the Invoice Support Spreadsheet (ISS).	19

#	Finding	Recommendation(s)	Main Report Reference Page
7.0	A reconciliation was not performed on prevention provider billings.	<p>ACTION TAKEN:</p> <ol style="list-style-type: none"> 1. A monthly, three-way reconciliation is currently performed comparing the provider billings, provider payments, and the reimbursement requests submitted to the State of Utah. 2. An adjustment was included on the Cost of Service Billing Form submitted to the State of Utah to correct the error of the reimbursement amount requested in prior months. 	20

V. Findings and Analysis

The Division is, overall, a well-managed operation, with additional attention to detail recommended in some areas. The Division's operations were generally in compliance with applicable statutes, ordinances, and policies. However, we identified some areas where the Division can further improve internal controls and monitoring of services.

Our findings and analysis were:

- Valley Mental Health submitted billings with transactions related to service codes that were not authorized by their contract.
- There was disagreement between VMH and The Division regarding the electronic interface to be used for submitting data.
- Standard operating procedures should be documented in writing.
- One contract provider did not respond to the recommendations in the final report of their quality assurance review.
- One treatment provider did not reimburse Salt Lake County for billing errors.
- Supporting documentation for early intervention payments did not match UWITS.
- A reconciliation was not performed on prevention provider billings.

1.0 Valley Mental Health submitted billings with transactions related to service codes that were not authorized by their contract.

The Division contracts with each provider for a specific continuum of services. The billable rates for each service are specified in rate tables included in the contract. Contracts are effective for a one-year period and may be extended for additional one-year periods. An amendment in the current contract with VMH extends the contract for the time period July 1, 2007 to June 30, 2008. Attached to the amendment are contract rate tables that list the authorized treatment service codes and rates for which VMH can request reimbursement. Each rate table also lists the population and ASAM level (see page 9 for details) for which patient treatment is authorized.

VMH is the only subcontractor that does not use the UWITS software to submit billing data to The Division. For the time period July 2007 through February 2008, VMH submitted 46,668 lines of billing data which The Division manually reviewed for reimbursement.

We used ACL to determine if the service codes submitted by VMH matched the codes set forth in the contract rate tables. We also used ACL to reconcile billing data submitted by VMH to payments disbursed by The Division to VMH. A portion of the billing data included 499 transactions, totaling \$10,411.93, billed by VMH under 3 service codes which were not specified in the contract rate tables.

Moreover, VMH billed for reimbursements above the utilization limits in the contract, thereby significantly increasing the amount and complexity of data requiring manual review by the Division Fiscal Manager. The complexity of the procedure required to reconcile these billings results in an inefficient use of the Fiscal Manager's time. In an e-mail dated April 9, 2008, the Fiscal Manager

stated, "I am processing March right now and will be adjusting payment for these incorrectly paid service codes (July through January). February is ok because that's when I first found the error but did not have time to retroactively correct the issue until now."

Because VMH submits reimbursement requests which include billings for client services which are not authorized for reimbursement, the Fiscal Manager must sift through the billings to flag amounts which are unauthorized. This creates a risk that Substance Abuse is reimbursing VMH for treatment services that are not authorized, thereby overpaying monthly reimbursements. Although aggregate monthly payments to VMH cannot exceed 1/12 of the total contract amount, the Fiscal Manager has to compare the amount billed for each service code with the percentage of the total contracted amount for that service code to ensure that VMH reimbursements do not exceed the total authorized level for each service.

RECOMMENDATIONS:

- 1. The Division should continue to encourage and resolve issues blocking the implementation of the interface developed between VMH's electronic medical record system and the UWITS system to transfer billing data to The Division electronically.**
- 2. The documentation and billing reports which The Division will accept from VMH should be specified in the contract. Going forward, contract language should require VMH to submit billings for only the service codes and related funding levels specified in their contract.**

2.0 There was disagreement between VMH and The Division regarding the electronic interface to be used for submitting data.

Because VMH does not use the UWITS billing system to record client data, their information must be submitted to The Division using other methods. Currently, VMH submits an Excel spreadsheet which includes client information, service codes, dates of services, and amounts. VMH has invested significant time and money in developing, enhancing, and maintaining their own automated billing system. Therefore, they have been reluctant to change systems and utilize the UWITS billing system. As a result, an electronic interface was developed to enable VMH to transmit electronic health records to The Division.

According to a letter from The Division, dated March 12, 2008, addressed to Contracts and Procurement, the electronic interface "has already been programmed, but ongoing disagreements of a very complicated, technical nature between Substance Abuse Services and Valley Mental Health, over the applicable rules and regulations that guide this type of interface have snarled this process for months." A technical consultant was hired to review the interface development and ensure that it was compliant with all State and Federal guidelines. Specifically, the consultant was contracted to work with the County's UWITS programmers to complete an electronic interface which is in compliance

with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) guidelines. This work was completed during April and May 2008. The Division performed tests to determine if the interface was working and started processing billings through UWITS for the period ending July 31, 2008.

COMMENDATION:

We commend Substance Abuse Services for their proactive actions in building an interface between the UWITS billing system and VMH's billing system to transmit client information from VMH.

3.0 Standard operating procedures should be documented in writing.

Our audit did not disclose issues of non-compliance with applicable laws and regulations, but did reveal that The Division has not established written, internal policies and procedures. Written policies and procedures clarify the purpose, authority, and responsibility of The Division's activities and should be specific as to procedures and guidelines to be followed. This assists management and staff in the effective discharge of their responsibilities and provides criteria to determine if goals and objectives have been accomplished.

For example, policies and procedures for Continuous Quality Improvement audits of service providers help ensure consistent audit tests and procedures are performed, and provide guidance on staff's responsibility in communicating audit findings and following-up on corrective actions and recommendations. Follow-up on audit recommendations may be required to ensure that corrective action has taken place.

Another area where written procedures would be beneficial is payments to service providers. Currently, it is understood that providers will have their payments suspended if they submit billing amounts which are over the allocated amount for the number of months elapsed in their contract. Written procedures specifying the percentage of the contract which will be paid before suspending payments to a provider would provide direction to staff.

Policies and procedures facilitate effective communication, coordination, and consistency of operations, and add value to the organization's processes by assisting management and staff in the effective discharge of their responsibilities.

RECOMMENDATION:

The Division should prepare written policies and procedures to ensure that the division's purpose, authority, and responsibilities are clearly specified.

4.0 One contract provider did not respond to the recommendations in the final report of their quality assurance review.

The Division conducts Quality Assurance site visits with treatment providers on an annual basis. These review processes and site visits help ensure that services are provided in accordance with the requirements of the Salt Lake County contract. The review affords the opportunity to learn more about the service provider's programs, their staff, and their clients. During the site visit, staff from The Division reviews client records and other documentation, and prepares audit findings specific to each program for which the provider contracts. A written report detailing audit findings and recommended corrective actions is provided to each contractor.

To determine whether contract providers responded to the recommendations made in the annual site visits, we reviewed the final report findings and recommendations for each provider.

Contract providers consistently responded to their final reports by outlining procedures they planned to implement to correct the issues addressed. However, one contractor, VMH, where six programs were addressed in their audit, only responded to four of the six programs reviewed: *Adult, Adolescent, Correctional Addiction Treatment Services (CATS), and Forensics*. However, they did not respond to the assessments of the *Medication Evaluation/ Management and Children at Cottonwood* programs. The Division's Quality Assurance Manager was unaware that the responses had not been received.

When a service provider neglects to respond to the audit recommendations of the report, the findings may not be resolved by the provider.

Section B.8 of the treatment provider contract states:

"The Contractor agrees to comply with the recommendations and correct any deficiencies noted by the Quality Assurance Coordinator and any Quality Assurance consultants within the timelines stated in the report."

In addition, the final report summarizing the findings of the assessment states:

"Please respond in writing to this report within 30 calendar days of receipt. Your response should address the review recommendations by number and title and include plans for change specifying what will be done, by whom and when."

RECOMMENDATION:

The Quality Assurance Manager should ensure that each contract provider responds in writing, with a plan of corrective action, to audit findings and recommendations related to all programs reviewed.

5.0 One treatment provider did not reimburse Salt Lake County for billing errors.

As part of the review during the annual site visit, a test of clients billed to the County is performed. During the review, The Division's auditors may discover billing errors or billings which do not have proper justification. The provider receives a list of client billings which contain errors or lack proper documentation. A typical error is the provider not including all the necessary information in the client file. The provider is required to record pertinent information, such as the date and time of a group session, or of individual therapy or counseling. The provider also sends a note to The Division to notify the staff of the new information in the client's file. However, there is no follow-up review to determine if the new information was actually recorded in the client's file.

To determine whether providers reversed and corrected erroneous or incomplete billings, we examined provider responses. In addition, we reviewed transactions in the UWITS billing system and the Dr. Data billing system (the system in place prior to implementing UWITS). Of the 81 transactions listed in the fiscal site review summaries for 4 treatment providers, we discovered 8 transactions, totaling \$1,215.36 with one provider, were unresolved. We could not find documentation showing that reimbursement or resolution of the 8 transactions occurred.

For example, the site visit summary for the 3 programs at Volunteers of America disclosed a reimbursement request to the County totaling \$1,215.36. Volunteers of America's written response to the fiscal site visit summarized the actions that would take place in order to prevent billing errors in the future. However, we were unable to find documentation showing that a billing reversal or reimbursement was issued to the County for these transactions. A letter dated September 10, 2007, from Substance Abuse Services to Volunteers of America regarding their Treatment and Housing Programs Corrective Action 1, stated, "Client...had 16 days billed in December 2006. UWITS notes for only 11 days could be found. Five days of notes were not in UWITS. The daily rate of service is \$61.78. The total reimbursement should be \$308.90." The same letter for the Housing Program Corrective Action 1, states, "Client...had (2) billed items that were not documented in UWITS...The amount of \$120.35 should be reimbursed to DSAS due to the lack of appropriate documentation."

In a separate letter date September 10, 2007, from The Division to Volunteers of America Adult Detoxification Program, Corrective Action 1, states, "VOA will ensure that DSAS is billed for only those clients with Salt Lake County residency. VOA will work with DSAS to reverse the billing in the amount of \$786.11 for client..., a Utah County resident. Please note - DSAS requested a written response and plan from VOA, due 9/7/07. Once this written response is received this corrective action will be viewed as resolved with no further action being taken."

The Division did not take further action after Volunteers of America responded to the fiscal site visit letter. Volunteers of America stated in their written response the procedures that would be implemented to prevent the billing errors in the future. However, there was no reimbursement for the billing errors that occurred in FY2007. At times, corrective action regarding billing information may not be taken even when agreed to by the appropriate parties. Follow-up of audit

findings should be scheduled as a regular part of the reviews to determine if actions have been taken.

RECOMMENDATION:

The Division should provide additional follow-up to treatment provider fiscal site visit responses to ensure that all requests are implemented.

6.0 Supporting documentation for early intervention payments did not match UWITS

To review monitoring of billings from contracted prevention providers, we compared a sample of the amount billed by prevention providers to the billing matrix in the provider contract for the *universal, selective, indicated, and early intervention* services.

For *early intervention services*, we compared a sample of the amount billed by providers in UWITS to the billing matrix in the contract. For all categories of services examined in the sample, we traced the billings to the fiscal manager's reimbursement request which is sent to the State of Utah.

Of the three prevention providers' billings we reviewed in our sample, only one provider, Asian Association (AA) had contracted to provide *early intervention services*. Early intervention (EI) billings are submitted by the provider through UWITS. The Division Fiscal Coordinator reviews and approves the billings. She sends an e-mail to The Division Accountant to notify him of the EI billings. He then processes the payment and updates the SFY08 Prevention State Invoice Support spreadsheet (ISS). The ISS is then used by The Division Fiscal Manager to submit an invoice to the State of Utah for reimbursement to the County.

Errors were found when comparing the documentation supporting provider billings, provider payments, and reimbursement from the State of Utah. We found an error in the EI documentation for AA. When comparing the amount paid on the ISS to UWITS a difference of \$2,498.85 was found. The Division Accountant found that the January payment of \$688.65 recorded in UWITS, had not been paid to AA. He processed the payment when we brought it to his attention (4/25/2008). The February payment of \$1,810.20 was processed timely, but inadvertently was omitted from the ISS. The ISS was updated and now matches the amount paid per UWITS.

The AA submitted an invoice for their January 2008 transactions by the deadline in February. However, The Division did not process the payment until April when we found that the payment was inadvertently overlooked. The February payment of \$1,810.20 was processed timely but not updated on the ISS. Therefore, The Division did not include the amount on the March invoice submitted to the State of Utah. The Division Fiscal Manager has not been performing a monthly reconciliation between the EI transactions in UWITS and the ISS. This caused a delay in The Division being reimbursed from the State. Best business practice is

to reconcile supporting documentation to source documents each month to detect errors.

RECOMMENDATION:

The Division Fiscal Manager should perform a monthly reconciliation between UWITS transactions and the Invoice Support Spreadsheet (ISS)

7.0 A reconciliation was not performed on prevention provider billings.

To review monitoring of billings from contracted prevention providers, we compared a sample of the amounts billed by prevention providers to the billing matrix in the provider contract for the *universal, selective, indicated, and early intervention* services. As previously noted, the client records for EI services are recorded in the UWITS billing system, so we compared a sample of the amount billed by prevention providers in UWITS to the billing matrix in the contract. In addition, for all categories of services examined in the sample, we traced the billings to the reimbursement request submitted to the State of Utah.

We found errors when comparing the documentation supporting provider billings, provider payments, and reimbursement from the State of Utah. When we compared the prevention provider billings tracked in a spreadsheet (PBS) by The Division Data Analyst, the prevention payment spreadsheet (ISS) maintained by The Division Accountant, and the Cost of Service Billing Form (CSBF) prepared by The Division Fiscal Manager, there were differences.

We found a difference of \$14,301.11 between the ISS and the CSBF, and determined it was due to The Division Accountant inadvertently not posting two provider payments in January 2008 to the ISS. Moreover, our comparison between the ISS and the PBS disclosed a difference of \$67,781.79. The ISS did not match the PBS for 8 of the 19 providers (42 percent). Due to these differences, the amount The Division requested for reimbursement from the State of Utah was short \$82,082.90.

Therefore, we recommended that an adjustment be made on the April 2008 invoice to resolve the problem. Although the adjustment can be made and the County will eventually receive the amount, it is best business practice to reconcile supporting documentation to source documents monthly to detect these types of errors. After our discussions with the Fiscal Manager, he began performing the monthly, three-way reconciliation comparing the provider billings, provider payments, and the reimbursement request submitted to the State of Utah.

ACTION TAKEN:

- 1. A monthly, three-way reconciliation is currently performed comparing the provider billings, provider payments, and the reimbursement requests submitted to the State of Utah.**
- 2. An adjustment was included on the Cost of Service Billing Form submitted to the State of Utah to correct the error of the reimbursement amount requested in prior months.**

ENDNOTES

¹ A decimal number (ranging from .1 to .9) expresses gradations of intensity within the existing levels of care. Thus, the ASAM PPC-2R describes gradient levels of intensity within each level of care. The Division offers a complete continuum of care through its contracted providers. Clients receive an assessment at admission utilizing the Addiction Severity Index (a common assessment instrument), which provides a *Diagnostic and Statistical Manual of Mental Disorders* (DSM) diagnosis. The providers utilize the ASAM to refer a client to an appropriate program for treatment services. Access into the treatment system involves a complete psychosocial assessment to establish ASAM placement level. Once the ASAM placement level has been determined, the client is given priority status and referred to treatment. The only ASAM level not offered by the County within the continuum is Level III.7.

Provider Agencies

Salt Lake County contracts with the following agencies for substance abuse treatment services:

1. Assessment and Referral Services and Interim Group Services through the University of Utah
2. Asian Association of Utah
3. Cornerstone Counseling
4. Catholic Community Services
5. Family Counseling Center
6. First Step House
7. The Haven
8. House of Hope through Utah Alcoholism Foundation
9. Odyssey House
10. Project Reality
11. Valley Mental Health
12. Volunteers of America Utah
13. Youth Services through Salt Lake County
14. Youth Support Services

Salt Lake County contracts with the following agencies for substance abuse prevention services:

1. Salt Lake County Division of Aging Services
2. The Asian Association of Utah
3. Big Brothers Big Sisters of Utah
4. Boys & Girls Clubs of Greater Salt Lake
5. Centro de a Familia
6. Children's Service Society of Utah
7. The Collaboration of Cornerstone Counseling, Project Reality, and Valley Mental Health
8. Cornerstone Counseling Center
9. Granite School District
10. Housing Opportunities, Inc.
11. Jordan School District
12. Neighborworks Salt Lake
13. Project Reality
14. Salt Lake City School District
15. Spy Hop Productions
16. Utah Federation for Youth
17. Valley Mental Health
18. Salt Lake County Division of Youth Services
19. Youth Support Systems