

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Audit of the Management of Billings and Collections for the Department of Health's Outpatient Adult Mental Health Services

Summary

The State Auditor initiated this audit to assess the management of billings and collections for outpatient adult mental health services provided by the Department of Health through eight state-run community mental health centers and a purchase of services contract with the Waianae Coast Community Mental Health Center, Inc., a private, nonprofit organization. We also examined oversight of billings and collections by the department's Adult Mental Health Division.

While state-run centers are steadily increasing their revenues from billings and collections, obstacles and varying commitments hinder the maximization of these revenues. In FY1992-93, the state centers recouped only \$124,608 of the expected \$248,448. Current recoupment falls far short of initial estimates that each center generate 30 to 40 percent of its budget from Medicaid billings. In FY1993-94, billing revenues amounted to \$338,209, or about 3 percent of the \$11.7 million in general funds allocated to the state centers.

A variety of obstacles contribute to the lower than anticipated revenue recoupment. These include staff vacancies at the centers, insufficient automation, lack of formal training, and insufficient guidance from the Adult Mental Health Division. State centers also vary in staff commitment to billing and in management controls. The subaccount expenditure ceiling for each state center within the department's Mental Health and Substance Abuse Special Fund, into which the centers' revenues are deposited, needs re-evaluation so that the centers will not be discouraged from pursuing revenues.

The Adult Mental Health Division, to which the state centers report, has not aggressively pursued the maximization of their billings and collections. The division has provided no overall plan or guidelines, little formal training, weak oversight, and inadequate recordkeeping. It has not pursued all revenue opportunities, including collecting from individual clients and private and government insurers, and lacks a qualified, knowledgeable billing coordinator.



Finally, the lack of adequate automation hampers the ability of the state centers to maximize billings and collections. Problems exist with both hardware and software. The Adult Mental Health Division has not met the computer needs of the centers.

Recommendations and Response

We recommend that the chiefs of the state-run community mental health centers make maximizing billings and collections a top priority. Management should also implement controls to ensure that staff complete all necessary procedures, forms, and records for billings and collections. The Adult Mental Health Division should re-evaluate and adjust the centers' special fund subaccount ceilings within the legislative appropriation for the special fund.

We also recommend that the division adopt an aggressive, pro-active role and assume its responsibilities in guiding, supporting, and monitoring the state centers' billings and collections. Specifically, the division should plan and implement a division-wide, overall billing system for the centers, including proper automation, standard policies and procedures, management controls, and an on-going training program. The division should designate a qualified staff member to concentrate on implementing the division's billing and collection responsibilities, who would serve as a resource person, coordinator, and advocate for the division and the centers. The division should maintain proper documentation and historical information crucial to the division's billing and collection efforts.

The division should also purchase an integrated billing computer software package that will meet at least the requirements identified in our report, and provide ongoing training and technical support for the package. The division should install comparable computer hardware at all of the state centers to support an on-line, integrated billing system.

The Department of Health responded that, overall, it is in agreement with our findings and recommendations. It found our report to be objective and fairly presented. We made a few changes in the final report to address factual issues raised by the department. The department also reported reimbursements of \$1,195,019 for FY 1994-95 due to recent revenue-generating activities.

The Waianae center did not submit a response.

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