

NORTHEAST DELTA HUMAN  
SERVICES AUTHORITY

LOUISIANA DEPARTMENT OF HEALTH  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED MAY 17, 2017

**LOUISIANA LEGISLATIVE AUDITOR  
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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Northeast Delta Human Services Authority

May 2017

Audit Control # 80170034

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## Introduction

The primary purpose of our procedures at the Northeast Delta Human Services Authority (NEDHSA) was to evaluate certain internal controls NEDHSA uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability over public funds.

The mission of NEDHSA is that all citizens with mental health issues, addictions, and developmental challenges residing in northeast Louisiana are empowered; and self-determination is valued such that individuals live a satisfying, hopeful, and contributing life.

NEDHSA serves citizens in 12 parishes, including, Caldwell, East Carroll, West Carroll, Ouachita, Lincoln, Madison, Franklin, Morehouse, Jackson, Tensas, Richland, and Union; and operates seven behavioral health clinics, two peer support centers, and the Office for Citizens with Developmental Disabilities office.

We evaluated NEDHSA's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to NEDHSA. Based on the documentation of NEDHSA's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to revenue appropriations, movable property, client billing, LaCarte card, travel card, fuel card, contract, and payroll expenditures.

## Results of Our Procedures

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### Follow-up on Prior Transition Issues

We reviewed the status of four prior transition issues reported in our procedural report issued September 16, 2015, regarding 1915(i) waiver eligibility determination, billing for services provided, reconciliation of Medicaid revenues to accounting and health records, and meeting self-generated revenue budgets. The issues relating to billing for services provided and self-generated revenue budgets were not completely resolved and are addressed again in this report.

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## **Current-year Finding**

### **Not Billing for Services Provided**

NEDHSA did not bill individual clients for services not covered by insurance, deductibles, co-pay, or co-insurance amounts. As of April 6, 2017, NEDHSA had \$70,570 of charges not billed to individual clients, of which \$60,580 is more than 90 days old. However, this amount is significantly less than the unbilled amount of \$526,925 reported in our prior procedural report dated September 16, 2015.

On December 1, 2015, NEDHSA began using a new billing system, “Remarkable Health,” and experienced difficulties in calculating private pay bills in the system. Management represented that all charges previously not billed in the old billing system, Clinical Advisor, prior to December 1, 2015, have been billed.

In addition, according to NEDHSA management, the authority is not allowed to bill Medicaid for mental health services provided by its seven licensed master social workers (LMSW) because these employees lack the clinical credentials required by the Healthy Louisiana plans. Management did not provide the amount not billed for mental health services provided by these LMSWs but did express plans to contact civil service and take necessary steps to find a resolution.

Good business practices require that bills are sent in a timely manner allowing the authority to receive self-generated revenues to fund ongoing operations and reduce the risk that accounts will become delinquent and/or uncollectible.

NEDHSA should work with its billing system vendor to ensure services are billed and collected in a timely manner. Management should also consider changing its business processes to ensure all services provided to Medicaid clients meet the requirements of the Healthy Louisiana plans so that services can be billed. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

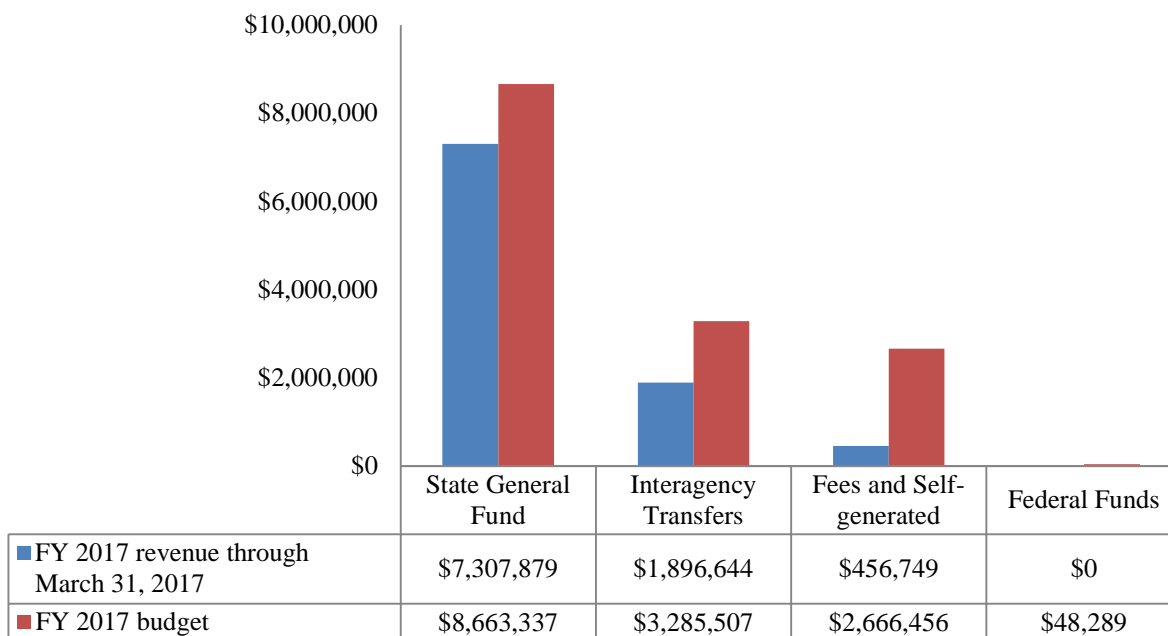
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## **Meeting Revenue Appropriations**

Since NEDHSA’s first year of operation, management has expressed concern about the authority being able to meet NEDHSA’s annual self-generated revenue appropriation. In analyzing the revenues received through March 31, 2017, NEDHSA had only collected \$456,749, or 17%, of its \$2.66 million 2017 self-generated revenue appropriation; and \$592,966, or 22%, of its \$2.66 million 2016 self-generated revenue appropriation. NEDHSA does not set its own annual appropriation for self-generated revenue; the appropriation was determined by the Louisiana Department of Health (LDH). For FY 2018, LDH reduced NEDHSA’s self-generated appropriation to a more attainable amount of \$773,844. NEDHSA has received more than 57% of its interagency transfer revenue appropriation as of March 31, 2017, and seems to be on track

to receive 100% by year end, June 30, 2017. The federal funds appropriated include Medicare, which NEDHSA realigned and reported as self-generated revenues in FY 2017. No federal funds are appropriated for FY 2018.

**Revenues - Budget to Actual for Fiscal Year 2017, as of March 31, 2017**



Source: 2017 Budget and ISIS Transaction Detail

**Movable Property**

NEDHSA owns approximately 397 items of movable property with original costs of approximately \$964,000. We observed security operations at the Administration office, tested the timeliness of new additions, and reviewed the latest annual inventory property certification as of July 2016. Based on the results of our procedures, no exceptions were identified.

**Client Billing**

NEDHSA has seven behavioral health clinics that treat clients. We reviewed the client sign-in sheets for five of the seven clinics and selected visit dates in the months of December 2015, January 2016, October 2016, and January 2017. We selected 16 clients and examined the appointment notes for services provided, the claim history for date claim was entered in the “Remarkable Health” (formerly “ClaimTrak”) system, and date claim was paid. We found that two of the 16 clients were not billed for mental services provided by LMSWs because these employees lack the clinical credentials required by the Healthy Louisiana Plans (formerly Bayou Health) (see Current-year Finding section).

### **LaCarte Purchasing Card Expenditures**

NEDHSA participates in the state of Louisiana's LaCarte Card program and uses LaCarte cards to make small-dollar purchases. We obtained an understanding of NEDHSA policies and procedures for procurement card use. We reviewed a summary of transactions for the period July 2015 through December 31, 2016, and examined all employees' training certifications. We selected and examined supporting documents, such as invoices, receipts, electronic logs, and credit card statements for purchases made in July 2015, October 2015, April 2016, June 2016, August 2016, November 2016, and December 2016. Based on the results of our procedures, no exceptions were identified.

### **Travel Card Expenditures**

We obtained an understanding of NEDHSA policies and procedures relating to travel activities. NEDHSA uses a Corporate Business Account to charge certain travel expenditures. Travel activities are monitored by LDH. We reviewed a summary of transactions for the period July 2015 through December 31, 2016. For the months May 2015, August 2015, February 2016, May 2016, July 2016, October 2016, November 2016, and December 2016, we selected transactions and examined receipts, electronic logs, credit card statements, and travel authorizations relating to meeting site rental, registration fees, and lodging. Based on the results of our procedures, no exceptions were identified.

### **Fueltrac Expenditures**

NEDHSA participates in the state of Louisiana's Fueltrac Card program and uses Fueltrac cards to make gas and auto maintenance and repair purchases. We obtained an understanding of NEDHSA policies and procedures relating to fuel card activities. We reviewed a summary of transactions for the period July 2015 through January 23, 2017. We selected and examined documents, such as receipts, manual logs, credit card statements, and driver authorization forms for fuel card purchases made in February 2016, September 2016, October 2016, November 2016, December 2016, and January 2017. We identified no exceptions to the card purchases. We also reviewed fuel card access of each driver who terminated their employment at NEDHSA and made suggestions for improvement in regard to access.

### **Contract Expenditures**

For contracts in effect during the two-year period ending June 30, 2017, for detox services, inpatient treatment services, and residential housing services, we examined the contracts and invoices for selected months including August 2015, September 2015, October 2015, December 2015, May 2016, August 2016, and January 2017. We found NEDHSA did not pay more than the billing rates stipulated in the contract. Based on the results of our procedures, no exceptions were identified.

### **Payroll Expenditures**

NEDHSA has approximately 100 employees, and payroll expenditures are the authority's largest expenditures. We obtained an understanding of NEDHSA controls over payroll expenditures. We performed inquiries and observations of NEDHSA personnel and examined support for pay rates, time approval, overtime worked, leave earned and taken, and termination payments for selected classified and unclassified employees. Based on the results of our procedures, no exceptions were identified.

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### **Trend Analysis**

We compared the most current and prior-year financial activity using NEDHSA's system-generated reports and obtained explanations from NEDHSA management for significant variances that could potentially indicate risk. Management provided reasonable explanations for all significant variances.

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### **Distribution**

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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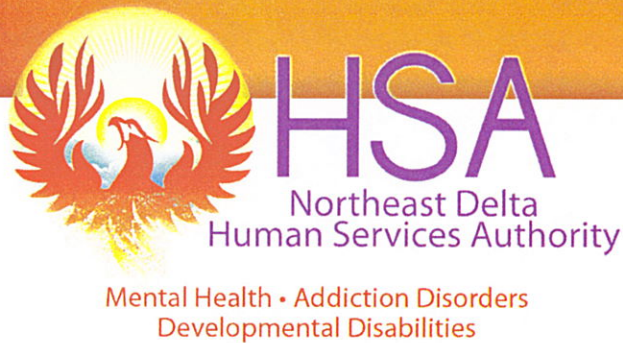
NEDHSA2017





## **APPENDIX A: MANAGEMENT'S RESPONSE**





May 4, 2017

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
1600 North Third St.  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera,

In response to the draft report received April 24, 2017, you will find Northeast Delta Human Services Authority (NEDHSA) management's response to the finding below:

➤ Not Billing for Services Provided

**Recommendation:** NEDHSA should work with its billing system vendor to ensure services are billed and collected in a timely manner. Management should also consider changing its business process to ensure all services provided to Medicaid clients meet the requirements of the Healthy Louisiana plans so that services can be billed.

**Response:** NEDHSA concurs with the individual finding and recommendation.

NEDHSA did send out billing statements within this current audit review period but stopped due to observable errors. Management made the decision to work with Remarkable Health, NEDHSA's software vendor, to fix the technical glitches before new billing statements were mailed to patients. And to ensure patient services are accurately billed and collected in a timely manner, NEDHSA's executive management team is diligently working with Remarkable Health's senior leadership team to expedite the technical fixes required in order to generate accurate billing statements. NEDHSA's executive management team has been assured by Remarkable Health's senior leaders that NEDHSA's billing system issues are a top priority for the company and that they are actively working to resolve all issues associated with the billing statements. NEDHSA's executive management team feels confident that the billing statement issues will be resolved soon.

On May 2, 2017, NEDHSA staff mailed notification to patients indicating that billing statements would resume and to inform them of their financial obligation for outstanding balances. The corrected billing statements are scheduled to be sent on or before May 26,

2017, one month before the official end of NEDHSA's current fiscal year. The actual fiscal year ends on June 30, 2017.

As verbally stated, NEDHSA recognizes the importance of billing for services in a timely manner. However, the agency wants to ensure that we are not sacrificing quality in an effort to advance distribution of billing statements.

In response to unbilled LMSW services, several of NEDHSA's seven LMSW staff did bill for addiction services. Healthy Louisiana, the state's contracted managed care plans who oversee the services for Louisiana's poor via Medicaid, pays LMSWs for the provision of addiction services but not mental health services. And prior to the passage of Medicaid expansion back in July 2016, NEDHSA LMSWs mainly provided service to northeast Louisiana's large indigent population (i.e., patients who don't have income or the ability to pay for treatment) and patients who sought addictions treatment. A few LMSWs performed mainly administrative duties and a couple did see some mental health patients for which we could not bill. As the state's safety net behavioral health provider, we can't turn patients away. To do so would cause patients to wait months to see a doctor, significantly increase incarceration and emergency commitments to state hospitals, jails, and prisons, add to the region's homeless population, and even cause some to die prematurely in one of the poorest regions of Louisiana.

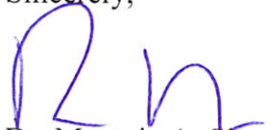
In order to ensure that services provided to Medicaid clients are billed in accordance to the requirement of the Healthy Louisiana plans, NEDHSA has already restructured its hiring practices of LMHP's or LMSWs. NEDHSA has not hired a LMSW since we were established back in May 2013. The LMSWs NEDHSA currently employs were transferred to NEDHSA in 2013 by the Louisiana Department of Health (formerly known as DHH) according to state law as Civil Service employees. Louisiana Department of Health hired LMSWs to treat mental health and addictions patients under the former regional services delivery model.

On April 19, 2017, NEDHSA's Human Resources Department reminded all LMSW staff providing non-billable mental health services of the minimum requirements of providing outpatient clinical/therapy services according to the state's Medicaid program. NEDHSA, with guidance from state Civil Service, has already started to institute modifications to eliminate the Social Worker 3 position or LMSW position. NEDHSA's executive management sent notification to remaining LMSWs about the upcoming changes. These modifications will, in effect, require all NEDHSA employees providing outpatient mental health (clinical/therapy) services to be qualified as Licensed Mental Health Professional (LMHP). Staff currently working as a Social Worker 3 and providing non-billable services will have until April 19, 2018 to obtain one of the licensures to qualify as an LMHP. The few who did provide mental health services have been instructed to no longer provide mental health services until they become a LMHP. And as of today's date, and of the seven LMSWs NEDHSA currently employs, one has announced retirement, three are now in administrative positions, and the others are providing addictions only treatment or related assessments.

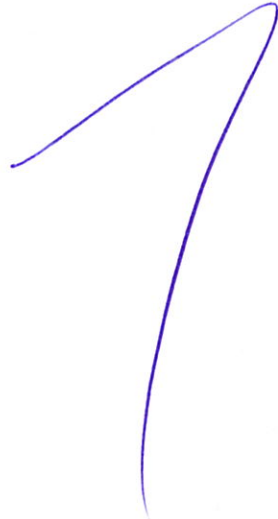
NEDHSA is committed to providing excellent customer service, greater access to services, and competent, quality care that guide our work. As an agency that has earned CARF's highest professional accreditation for what we do both clinically and administratively, we absolutely take the current recommendation seriously and will further make needed changes as a continuous learning organization.

If you should have any questions regarding NEDHSA's response to the finding and recommendations, please do not hesitate to contact me at (318) 362-3270 or by email at [monteic.sizer@la.gov](mailto:monteic.sizer@la.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "MS", is written over the typed name.

Dr. Monteic A. Sizer  
Executive Director  
Northeast Delta HSA

A large, stylized handwritten mark in blue ink, resembling a large number "7" or a similar symbol, is positioned to the right of the signature.



## APPENDIX B: SCOPE AND METHODOLOGY

We conducted certain procedures at Northeast Delta Human Services Authority (NEDHSA) for the period from July 1, 2015, through May 4, 2017. Our objective was to evaluate certain internal controls NEDHSA uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability over public funds. The scope of our procedures, which are summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We did not audit or review NEDHSA's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. NEDHSA's accounts are an integral part of the Louisiana Department of Health, which is an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated NEDHSA's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to NEDHSA.
- Based on the documentation of NEDHSA's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to movable property, client billing, LaCarte purchase card expenditures, travel card expenditures, fueltrac expenditures, contract expenditures, and payroll expenditures. Our procedures also included consideration of NEDHSA's ability to achieve its revenue appropriations.
- We compared the most current and prior-year financial activity using NEDHSA's system-generated reports to identify trends and obtained explanations from NEDHSA's management for any significant variances that could potentially indicate risk. Management provided reasonable explanations for all significant variances.

The purpose of this report is solely to describe the scope of our work at NEDHSA and not to provide an opinion on the effectiveness of NEDHSA's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.