

Los Angeles County MHA Plan of Correction

County: Los Angeles	POC Due Date: 1/20/2022	Date Received by DHCS:2/15/2022	Completed Date: 1/20/2022
County Contact Person:			
(The Above Line Will Be Removed Prior To Posting on the DHCS Website)			

Finding # or Suggested Improvement #	Finding or Suggested Improvement	Recommendation # (State Corrective Action Step / Identify Timeline / and Evidence of Corrections / Mechanisms for Monitoring Effectiveness)		DHCS Comments and Notes
Finding #1	<p>Inter-departmental Controls over integrated services with multiple funding sources.</p> <p>1. MHA funds were used to pay for a non-MHA program. The County as a whole should develop and implement internal controls, including reconciliation of various services and</p>	Recommendation #1.1	<p>The County will follow our internal control procedures to reconcile program expenditures to ensure funding for costs do not exceed 100 percent. Going forward, DMH will:</p> <ol style="list-style-type: none"> 1. Obtain applicable copies of the TCM Cost Report for FYs 2011-12 through 2020-21 by January 31, 2022; 2. Reconcile MHA funding reported as CPE for the TCM program with baseline program costs to ensure DPH complies with the MHA non-supplant requirement by January 31, 2022; 3. Determine whether MHA + CGF/FFP exceeded 100 percent of total program costs by January 31, 2022; and 4. Terminate Memorandum of Understanding with DPH for the NFP and Home Visitations programs by June 30, 2022. 	Approved

	<p>multiple funding sources, to ensure funding does not exceed 100 percent.</p> <p>2. The County should review and correct any other fiscal years impacted by this missing internal control.</p>	<p>Recommendation #1.2</p>	<p>DMH will:</p> <ol style="list-style-type: none"> 1. Prepare a 10 fiscal year schedule to summarize our review and reconciliation of MHSA payments made to DPH for the NFP and Home Visitation Programs by January 31, 2022; 2. Identify all overpayments related to supplantation or reimbursements exceeding 100 percent of total program costs by January 31, 2022; 3. Meet with DPH to go over the findings and obtain concurrence of disallowed costs by March 31, 2022; 4. Issue letter to DPH requesting repayment by April 30, 2022; 5. Recoup any MHSA overpayments or reach acceptable repayment terms by June 30, 2022; 6. Obtain the final, settled TCM CRs for FYs 2018-19 forward (once available); 7. Perform final reconciliation based on settled CRs + issue letter to recoup ineligible costs, as applicable; and, 8. Submit MHSA ARER expenditure adjustments to DHCS for FYs 2011-12 through FY 2020-21, as applicable by December 31, 2022. 	
<p>Finding #2</p>	<p>Insufficient Supporting Documentation The County did not maintain all necessary documents</p>	<p>Recommendation #2</p>	<p>DMH will ensure that the methodology for allocating costs are properly documented and filed in our shared network folders so that information is readily accessible and not dependent on specific employees. DMH will:</p>	<p>Approved</p>

	<p>as required by the regulation to support the amount of the NFP program expenditure reported in the RER. The County should develop and implement procedures to ensure adequate accounting records and statistical data are maintained to support MHSA expenditures.</p>		<p>1. Develop policies and procedures for the tracking of MHSA expenditure information and/or cost allocation method(s) for pooled MHSA expenditures by June 30, 2022; 2. Create appropriate shared folders and inform staff of where electronic information should be stored for ease of retrieval and access by June 30, 2022.</p>	
<p>Finding #3</p>	<p>Non-Supplant Policy Compliance The County was not in compliance with the non-supplant requirement. The County needs to account for and spend an aggregate of at least \$574.5M on mental health services by the following funding sources in order to comply with the non-supplant policy: (1) Realignment (2) SGF Community Services</p>	<p>Recommendation #3</p>	<p>California Code of Regulations Title 9, Section 3410 specifies that MHSA funds cannot be used to supplant funds required to be used for services and/or supports that were in existence in FY 2004-05. DMH Letter 05-08 identifies the aggregate funding amount for each county that must be spent in order to comply with the non-supplant policy. However, there have been changes to these funding sources since FY 2004-05 and Counties should not be held accountable to fund from other sources when the State eliminates the specific funding source. Examples include: ~SGF Community Services was eliminated by the State in FY 2007-08. ~SGF Managed Care and EPSDT have been realigned through 2011 Realignment.</p>	<p>Approved</p>

	<p>(3) SGF Managed Care (4) PATH (5) SAMHSA (6) EPSDT SGF.</p>		<p>Los Angeles County met the \$1,013,458,358 in required FY 2004-05 mental health services baseline funding (ref. attached, recreated schedule, FY 04-05 SDMC Cost Report, Sch. MH1992_SUM, Exhibit #2) once all other revenues outside of MHSA were included. Los Angeles County used a total of \$1,328,599,941 of non - MHSA funds for specialty mental health services in FY 12-13 as indicated and reported in the FY 12-13 SDMC Cost Report, Schedule MH 1992_SUM (ref. attached, recreated schedule, Exhibit #3).</p>	
<p>Finding #4</p>	<p>Tracking MHSA Expenditures The County used an inappropriate method to track MHSA expenses in the outreach services. The County should improve its cost tracking systems to be based on actual costs attributed to programs to report accurate MHSA program expenditures.</p>	<p>Recommendation #4</p>	<p>DMH calculates outreach costs based on hourly interim rates that are later adjusted based on the actual cost per unit reported in the Short-Doyle Medi-Cal (SDMC) Cost Report. MHSA expenditures based on interim rates are later adjusted to reflect actual expenditures. DMH contends that this method is acceptable as it is the same method used to determine SDMC specialty mental health costs for outpatient services that are submitted for federal reimbursement. However, DMH agrees to complete a feasibility assessment to determine whether we can re-design our outreach programs to support reimbursement on a direct expenditure basis (i.e. salary and employee benefits, services and supplies, fixed assets, and other charges) by June 30, 2022. To the extent it is not feasible to transform our existing outreach program, DMH will develop policies and procedures to ensure</p>	<p>Approved</p>

			MHSA funded outreach costs are correctly reported and charged to MHSA.	
Finding #5	<p>Revenue and Expenditure Report (RER) Filing Requirement</p> <p>The County did not comply with the RER filing requirement of submission by March 31, 2015. The County should exercise due care to ensure the RER is submitted in a timely manner in accordance with the applicable regulations.</p>	Recommendation #5	<p>The County will ensure that the ARER filing requirement is timely and in accordance with applicable regulations. DMH will:</p> <ol style="list-style-type: none"> 1. Prepare a list of ARER tasks and targeted completion dates by February 28, 2022 (Exhibit #1); and 2. Ensure supervisors and managers track for the timely completion of tasks to meet submission deadlines. 	Approved