

# Report on the City of Philadelphia HealthChoices Behavioral Health Program

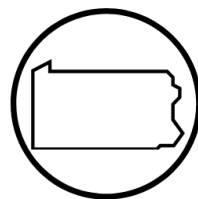
OFFICE OF THE CITY CONTROLLER

The Office of the City Controller conducted an audit of the HealthChoices Behavioral Healthcare Program (HealthChoices) for fiscal year 2017, the first performance audit by the Controller's Office in 20 years of the now \$1 billion program. HealthChoices is administered by Community Behavioral Health (CBH), a non-profit quasi-governmental agency, under the oversight of the City of Philadelphia's Department of Behavioral Health and Intellectual disAbility Services (DBHIDS). The audit identified issues with documentation, the reimbursement process, procurement, and a lack of oversight and accountability in CBH's administration of HealthChoices and DBHIDS' oversight of CBH.

## Funding and Oversight for the City of Philadelphia's Behavioral Health Services

Under a contract with DBHIDS, CBH serves as the Managed Care Organization for HealthChoices, the Commonwealth of Pennsylvania's program for delivering mental health and/or drug and alcohol services to medical assistance recipients, in Philadelphia county.

Funding for the HealthChoices Program comes from the federally-funded Medicaid program administered at the state level by the **Pennsylvania Dept. of Human Services**.



*DBHIDS receives monthly "capitation payments" from the Commonwealth based on the number of enrolled Medicaid recipients*

**DBHIDS** disperses Medicaid funds from the Commonwealth for the program to CBH. **CBH** contracts with third party healthcare providers and reimburses them for services provided to patients through local programs.



*CBH requests weekly reimbursements from DBHIDS for its payments to providers*



*Providers bill CBH for services through an electronic claims system*

**Community Behavioral Health**  
A non-profit quasi-governmental agency created by DPH to act as the City's MCO and deliver medically necessary services.

CBH is responsible for monitoring and oversight of its service providers, as well as administrative support services, while DBHIDS serves as the oversight function for CBH.

## Findings and Observations

The audit found that CBH paid providers administering services under the Community Integrated Recovery Centers (CIRC) program **more than \$10 million** for services that were based on program capacity estimates rather than the actual number of patients served.

Additionally, two providers **defaulted on repaying advances from CBH, one in the amount of \$236,574 and another in the amount of \$3,835,000**. CBH has also **not returned \$1.1 million owed to the City's HealthChoices Behavioral Health Fund**.

### Lack of Oversight and Accountability

- Auditors found that CBH did not follow its established guidelines and processes for temporary advances to providers or provider rate increases, including many instances in which approval for the transactions were not properly documented.
- The audit found that the payment structure of the CIRC program run by CBH since 2007 was not cost effective.
- CBH submitted and DBHIDS approved nearly \$150,000 in expenses related to CBH's 20th anniversary celebration and more than \$54,000 in various health and wellness programming for CBH staff.

### Issues with Documentation

- Of 284 transactions selected for testing across 27 providers, the audit identified 149 instances of non-compliance with documentation requirements.
- CBH's own monitoring efforts identified similar and significant claims-related deficiencies, such as insufficient or missing documentation, incomplete treatment plans, billings for non-billable services, conflicting information in supporting documentation, re-use of progress notes and late entries in progress notes.

### Lack of Transparency in the Procurement Process

- Auditors identified several instances in which CBH's procurements violated the Philadelphia Code, as well as instances in which CBH failed to follow its own internal procurement protocols.
- CBH entered into sole source contracts for professional services, including one contract for consulting services that was awarded to a then-current CBH employee.
- CBH entered into three separate administrative contracts utilizing old RFPs to procure services without issuing a new RFP.

### Weaknesses in the Processes for Reimbursement

- From February 2014 through June 2018, CBH submitted duplicate expenses totaling more than \$6.4 million to DBHIDS for reimbursement.
- While the \$6.4 million was ultimately returned to the City of Philadelphia, CBH and DBHIDS's review processes failed to identify duplicative invoices prior to reimbursement and to identify the over reimbursements in a timely manner.
- From July 2014 through December 2017, CBH submitted reimbursement requests for transactions that were voided, totaling nearly \$1.5 million.

"As we emerge from the COVID-19 pandemic, we are still in the middle of two very serious public health crises: gun violence and opioids. As our communities attempt to heal from the trauma of these unrelenting realities, we must do everything we can to ensure access to high quality behavioral health services. This includes looking at how the organizations tasked with leading this charge are operating and spending taxpayer dollars. Every breakdown in policies and procedures and every unnecessary administrative expense means resources not being used effectively to help our most vulnerable Philadelphians at this critical time." - **City Controller Rebecca Rhynhart**

The full report is available at: [controller.phila.gov](https://controller.phila.gov).