



Follow-Up Audit of Behavioral Health Contracts with Aegis and Western Pacific

Report Date: December 27, 2023

Office of the Auditor-Controller
County of Ventura, California
Jeffery S. Burgh, Auditor-Controller

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Barry Zimmerman, Director, Health Care Agency

Date: December 27, 2023

From: Jeffery S. Burgh

Subject: FOLLOW-UP AUDIT OF BEHAVIORAL HEALTH CONTRACTS WITH AEGIS AND WESTERN PACIFIC

We have completed our follow-up audit of Ventura County Behavioral Health (VCBH) contracts with Aegis Treatment Centers (Aegis) and Western Pacific Med-Corp (Western Pacific) (collectively, Contractors). Our overall objective was to determine whether adequate corrective actions have been implemented by VCBH management to address the issues identified during the prior audit completed on February 23, 2021.

Executive Summary

Overall, we found that VCBH management made progress in improving compliance with contract provisions and department policies, and fully implemented corrective action for five (83%) of the six prior findings. For example, unannounced site visits were documented, surveys were conducted of Contractor clients and staff as required, and procedures were established to verify that clients received services.

However, corrective action was needed to address the remaining finding, which we determined was partially implemented. We also identified one new finding. Specifically, we found that:

- VCBH Policy SUTS-05, *Substance Use Treatment Services (SUTS) Provider Monitoring and Documentation Review*, included Contractor site review procedures that were not clearly defined and did not always reflect current processes or align with language in the contracts.
- Follow-up with Contractors did not always occur as needed for questionable or missing supplemental checklist responses provided as part of annual Contractor site reviews.

VCBH management initiated corrective action to address our findings. Corrective action was planned to be completed by December 14, 2023.

We appreciate the cooperation and assistance extended by you and your staff during this follow-up audit.

cc: Honorable Matt LaVere, Chair, Board of Supervisors
Honorable Kelly Long, Vice Chair, Board of Supervisors
Honorable Jeff Gorell, Board of Supervisors
Honorable Janice S. Parvin, Board of Supervisors
Honorable Vianey Lopez, Board of Supervisors
Sevet Johnson, Psy.D., County Executive Officer
Loretta Denering, Acting Director, VCBH

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Background

The Substance Use Services (SUS) division of the Ventura County Health Care Agency's Behavioral Health Department (VCBH) provides drug and alcohol prevention, education, intervention, and treatment services throughout Ventura County. Treatment services are provided through collaboration with other community agencies and organizations to offer the most appropriate levels of care.

During Fiscal Year (FY) 2021-22, VCBH contracted with Aegis Treatment Centers (Aegis) and Western Pacific Med-Corp (Western Pacific) (collectively, Contractors) to provide outpatient Narcotic Treatment Program (NTP) services and Medication Assisted Treatment (MAT) services for eligible Medi-Cal beneficiaries. NTP services consisted of methadone dosing, individual counseling, and group counseling. Additional MAT services included assessment, treatment planning, ordering, prescribing, and monitoring of all medications for substance use disorders. During this contract period, Aegis operated four contract sites and Western Pacific operated one site in Ventura County.

On February 23, 2021, we issued an audit report containing six recommendations to improve VCBH's oversight procedures for the Aegis and Western Pacific contracts. In October 2021, we were informed that VCBH had completed corrective action in response to the recommendations contained in our audit report.

Scope

Our overall objective was to determine whether VCBH management implemented adequate corrective actions to address the six issues identified during the prior audit completed on February 23, 2021. Specifically, for the FY 2021-22 contracts, we determined whether:

- procedures were improved to ensure compliance with documentation and performance requirements for Contractor site visits; and
- adequate corrective action was implemented to ensure independent client service verifications and client and staff surveys are conducted.

The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors.

Findings

Overall, we found that VCBH management fully implemented corrective action for five (83%) of the six prior findings. For example:

- Unannounced site visits were performed and documented for purposes of clinical documentation monitoring at each contract site during FY 2021-22 as required by VCBH policy.
- Annual Contractor reviews were performed and documented in a more timely and accurate manner.
- Surveys of Aegis and Western Pacific clients and staff were conducted in compliance with contract requirements.

- Procedures were in place to verify with clients that services rendered by the Contractors were received.
- The number of utilization reviews, and manner in which client charts were selected for review, complied with policy requirements.

However, additional corrective action was needed for the remaining prior finding regarding site review documentation, which we determined to be partially implemented. We also identified one new finding relating to contract monitoring procedures described in VCBH Policy SUTS-05, *Substance Use Treatment Services (SUTS) Provider Monitoring and Documentation Review*.

Following are details of the areas where improvements were needed, and the Appendix summarizes the status of corrective actions taken since our prior audit. VCBH management initiated corrective action in response to the current audit as noted.

1. Contractor Monitoring Policy Update

Follow-Up Status: New recommendation.

VCBH Policy SUTS-05 did not always provide clear guidance on Contractor monitoring procedures, nor did the policy accurately reflect monitoring activities performed by VCBH staff. Since the prior audit, VCBH revised SUTS-05 and changed the guidelines for annual Contractor reviews. Additionally, VCBH management informed us that the revised procedures provided during the current audit do not accurately reflect the processes for provider reviews as performed by staff. Specifically, through a review of VCBH policies and discussions with management, we determined that:

- VCBH no longer differentiates between administrative and programmatic reviews and classifies all Contractor monitoring as programmatic. This change impacted the “annual administrative site visit” discussed in the prior audit report, which VCBH now refers to as “Drug Medi-Cal Contractor Site Reviews.” However, the revised Operational Guidelines for the SUTS-05 Policy still referred to conducting “one (1) administrative site visit every year.” This guidance conflicts with how VCBH conducted Contractor monitoring activities.
- VCBH conducted the annual Contractor site review remotely for three Aegis locations and on-site for one, and reported the overall results of the four reviews collectively on one Drug Medi-Cal Organized Delivery System/SABG Treatment Contractor Annual Site Review Audit Form. However, neither SUTS-05 nor the Aegis contract specified whether VCBH was to perform site reviews remotely or on-site for each location. Yet the Aegis contract stated: “County will conduct at minimum an annual review of the facility...tour the grounds, and address any concerns or issues found.” We interpreted this statement to mean that VCBH would conduct reviews on-site for all facilities. However, without clear guidance in SUTS-05, or from the California Department of Health Care Services, we could not confirm whether an on-site review was required for all provider locations.
- The required frequency of Utilization Reviews (UR) differed between the SUTS-05 and UR-01, *Utilization Review of Mental Health and Substance Use Services Program*, policies. SUTS-05 stated: “A minimum of five percent (5%) of SUTS provider charts per month will be selected randomly for clinical documentation monitoring.” However, UR-01 stated that VCBH will review 5% of client

records quarterly. Based on our review of UR documentation, VCBH appeared to adhere to the quarterly schedule.

Policies and operational guidelines that lack clearly defined, consistent procedures may cause confusion among staff performing Contractor monitoring activities and may lead to noncompliance with State regulations or contract requirements. To ensure that all Contractor monitoring requirements are met each year, VCBH must maintain policies and procedures that are current and reflective of the most updated processes.

Recommendation. VCBH management should review Contractor monitoring procedures to ensure compliance with all State and contract requirements and revise Policy SUTS-05 to confirm the guidance reflects current processes.

Management Action. VCBH management stated: “VCBH reviews all Contractor monitoring procedures to ensure compliance with State and contract requirements. VCBH SUTS-05 policy and procedure were revised to reflect current practices and requirements with respect to contractor monitoring.”

2. Annual Contractor Site Review Documentation

Follow-Up Status: Partially implemented.

While annual Contractor site review (referred to as “administrative site visits” in the prior audit) documentation was completed in a more thorough and accurate manner, VCBH staff did not always follow-up with Contractors for questionable or missing supplemental checklist responses. VCBH used the Drug Medi-Cal Organized Delivery System/SABG Treatment Contractor Annual Site Review Audit Form (Audit Form) to document the results of annual Contractor site reviews. Within the Audit Form was a checklist item for VCBH staff to confirm that the Contractor completed a required supplemental checklist. Out of the five supplemental checklists we reviewed:

- None included the date and name(s) of Contractor staff completing the review.
- Four (80%) checklists contained “No” responses that could have indicated noncompliance; however, no evidence supported that VCBH followed up with the Contractor to resolve the issue.
- Four (80%) of the checklists did not answer all required components for one of the checklist questions.
- Three (60%) checklists incorrectly answered one question as “N/A”, however the question related to a provision required by the contract and the answer should have been “Yes”.
- One (20%) checklist left one question unanswered.

Recommendation. VCBH management should follow up with the Contractors as needed when a supplemental checklist response appears to be out of compliance, questionable, or left blank. Also, the supplemental checklist should include the date completed and name(s) of Contractor staff that performed the review.

Management Action. VCBH management stated: “VCBH updated the supplemental checklist after the auditor identified the issue and recommended updating the form. VCBH reviews the updated supplemental checklist that shows the date and name of the Contractor Staff completing the review. VCBH thoroughly examines the completed supplemental checklist to ensure that the contractor complies with the requirements and that forms are filled out correctly and completely. If the contractor does not answer all checklist components or comply with the requirements, VCBH returns the checklist with a corrective action plan (CAP). VCBH follows up with the contractor regularly to get an update on the progress of completing the CAP, resolve the issue promptly, and keep the line of communication open.”

Auditor’s Evaluation of Management Action

We believe that management actions taken or planned were responsive to the audit finding. VCBH management planned to complete corrective action by December 14, 2023.

Appendix

Corrective Action Implementation Status

The table below summarizes the status of corrective actions taken since our prior audit.

Prior Audit Finding			Status of Corrective Action
No.	Topic	Condition	
1.	Unannounced Site Visits	Although VCBH asserted that unannounced site visits of Aegis and Western Pacific were conducted at least once a year in accordance with policy, the unannounced visits were not documented.	Implemented.
2(A).	Administrative Site Visits: Timeliness	Annual administrative site visits were not conducted in a timely manner.	Implemented.
2(B).	Administrative Site Visits: Documentation	Documentation of annual administrative site visits could be completed in a more thorough and accurate manner.	Partially implemented. See current Finding 2.
3.	Client and Staff Surveys	VCBH did not independently conduct surveys of Aegis or Western Pacific clients or staff, in noncompliance with contract requirements.	Implemented.
4.	Delivery of Service Verifications	Procedures were not in place to verify with clients that services rendered by the Contractor were actually received.	Implemented.
5.	Utilization Reviews	VCBH did not follow all procedures in the VCBH policy, <i>Utilization Review for VCBH Contractors</i> , for NTP contractors.	Implemented.