SAUK COUNTY HUMAN SERVICES DEPARTMENT

ORGANIZATIONAL ANALYSIS

FINAL REPORT
OCTOBER 19, 2010

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Sauk County Human Services Department Organizational Analysis

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Appendix A – Detailed Financial Tables – Summary of Revenues and Expenditures by Program

In June 2010, Sauk County selected The Management Group, Inc. (TMG) and TMG associates Gerry Born and Robin Gates to conduct a human services organizational analysis. The purpose of the study was to review and analyze several key aspects of the Sauk County Human Services Department. As such, the study was a targeted review as opposed to a broader operational review. Sauk County identified four areas for analysis:

- Expenditure and revenue trends for the Human Services Department
- Organizational structure of the Human Services Department
- Relational nature of the Human Services Department with the County's other health and human services functions
- Effectiveness and efficiency of the Department's billing and collections process, including opportunities for revenue maximization

The study provides a decision-making framework for Sauk County to consider recommendations and options that fully reflect the implications of current trends and expected future developments in human services delivery and financing. The goal of the study is to provide a strategic blueprint that will guide Sauk County as it strives to deliver quality programs in a cost-effective manner to its residents.

Study Approach and Methodology

The project team utilized a variety of methods to gather data and information, including:

- Reviewed background documents relating to the Human Services Department and the County's other health and human services functions.
- Worked with Department staff to obtain financial data.
- Conducted interviews with Department and other County officials, including the:
    - Department Director, Deputy Director and nine unit managers
    - Billing staff in the Business Services Unit of the Human Services Department
    - County Human Services Board
    - Members of the County's Health and Human Services Functional Group (Aging and Disability Resource Center, Veterans' Services, Public Health and Health Care Center) and Child Support
    - County Board Chair, Finance Committee Chair and Administrative Coordinator
    - County Controller, Human Resources Director and Management Information Services Director

The project team conducted site visits on the following dates:

- June 23 and 24, 2010
- July 12 and 29, 2010
- August 3, 2010

The project team discussed the preliminary study finding and recommendations with the Sauk County Human Services Board at its September 13, 2010 meeting. In addition, the report findings and options on the relational nature of the Human Services Department with the County's other health and human services functions were presented to the County Board's Executive and Legislative Committee and the oversight committee chairs and department heads of the other health and human services agencies on October 7, 2010. A presentation to the County Board on the final report is scheduled to take place on October 19, 2010.

Financial Overview

The Sauk County Human Services Department's 2010 budget is $16.8 million, with $8.1 million or just less than 50% allocated for wages and benefits. Financial data over the past five years (2005-2009) shows the following major trends:

- Decrease in Revenues and Expenditures – Total revenue decreased $3.5 million or 17.5% during this period and total expenditures decreased $3.6 million or 18%. Virtually all of these decreases occurred between 2008 and 2009 with the transition of adult long-term care services from the County to the Family Care program and the corresponding elimination of waiver program funding (i.e., Community Options Program and Community Integration) and the shift of contracted client services to the Family Care program.

- Growth in the Property Tax as a Funding Source – Revenue from the property tax levy increased $1.7 million or 30.3% between 2005 and 2009 (annual average increase of 6.7%), and grew from 28% of total revenue to 44%. This growth in the property tax as a funding source for human services programs is reflective of the continuing trends for no growth or decreases in state aid. The only significant offset to this trend is the state assumption of future liability for adult long-term care services with the transition to Family Care.

The Human Services Department's financial structure and performance is described in the report and detailed in Appendix A with respect to:

- Revenue and expenditure trends
- Analysis of expenses and revenues by program

Human Services Department Organizational Structure

The structure of an organization should be designed to support its overall functions and goals. Given the significant changes impacting the Human Services Department's operations, it is important and timely to consider realigning the organizational structure to reflect the changes that have occurred and to position the agency to best meet future challenges.

The transition of the County-administered adult long-term care waiver programs (Community Options Program and Community Integration Program) to Family Care, a regional, managed care program directed by the Southwest Family Care Alliance (SFCA), has had and continues to have a significant impact on the size and scope of the Human Services Department's operations. The 2008 transition resulted in downsizing of support services staff, the elimination of the County-provided personal care program and the loss of contracted long-term care services previously administered by the County. The additional loss of the County's contract with the Southwest Family Care Alliance for care management

services under Family Care at the end of 2010 will effectively end the County's role as a provider of long-term services to Family Care members. The Family Care/Long-Term Care Unit has been the agency's largest in terms of staff and budget.

Therefore, it becomes even more critical for the agency to focus on its remaining core functions and to do those well. Primary among these is the administration of mental health and substance abuse services, and children's services. In order to more effectively and efficiently perform the remaining functions, the study identifies options for rightsizing and realigning the Department's management and unit structure from nine separate units to four similarly-focused and integrated units. The new configuration includes a:

- Behavioral Health and Adult Services Unit – combines the current Outpatient, Community Support Program and Adult Protective Services units

- Children and Family Services Unit – combines the current Child Protective Services (CPS), Youth Services and Children's Long-Term Support (CLTS) units

- Economic Support Unit

- Business and Administrative Support Unit – combines the current Business and Administrative Services units

Collectively, the options for Human Services Department restructuring provide opportunities to:

- Align similarly-focused organizational units
- Achieve integrated service and resource planning
- Right size the number of separate organizational units
- Leverage the expertise, skills and best practices found within the agency

Human Services Department and Other County Health and Human Services Functions

Several years ago, Sauk County saw the benefit of creating a functional work group structure among departments with similar goals, programs and/or target populations. The purpose of the functional groups is to promote sharing of information and coordination of services. The Human Services Department has participated in the Supportive Services Functional Group (i.e., health and human services functional group), made up of the Human Services Department, Health Care Center, Public Health Department, Aging and Disability Resource Center and Veterans' Service Office. The group is currently chaired by the Director of the Aging and Disability Resource Center and has met periodically over the past five years to identify ways that services could be coordinated or shared. While the work of the functional group has produced some tangible results, there are significant barriers for an informal structure with no direct accountability or authority to implement changes.

The study identifies four options for improving the relational nature of the Human Services Department with County's other health and human services functions. The options all try to achieve a more integrated systems approach to service planning, resource allocation and overall operations of the Human Services Department and the other health and human services functions. While the options are developed from the perspective of what structural format would improve the nature of the relationship

between the Human Services Department and these other departments, the options can also be viewed as improving the relational nature between the other departments.

Option 1 – Continuation of the health and human services functional group
Option 2 – Creation of a broader Human Services Department through consolidation
Option 3 – Creation of a Health and Human Services Division
Option 4 – Creation of a broader Health and Human Services Committee of the County Board

Since Option 4 addresses the governance and oversight of the County's health and human services functions, it should be considered in combination with Options 1, 2 or 3, which reflect various administrative structures. A consolidation of the current County Board committee structure for overseeing health and human services should parallel the new administrative structures proposed under Options 2 or 3, but could also be accomplished in combination with Option 1 in order to better align governance and oversight with the current functional group structure.

Billing and Collections Function

The study addresses the billing and collections function from a process perspective, which is helpful in finding areas for improvement and diagnosing the cause of problems. Since there are many different areas involved in the billing function, the analysis considered all of these (e.g., Business Services Unit, County employees who provide human services, contracted service providers, Medicare and Medicaid, and private insurance companies) and how they interact in producing an outcome – in this case, payments for services provided by the Human Services Department.

It is important to recognize that billing and collections are essential agency functions that require the attention and cooperation of all agency employees and contracted service providers to ensure optimal financial support for Human Services Department operations and programs.

There are several broad themes from the analysis, including opportunities to:

- Improve the completeness, accuracy and timeliness of client billing information
- Avoid errors and missing information that causes re-work
- Better coordinate and share information to improve efficiency
- Collect reliable data to determine the root causes of problems

The study identifies specific opportunities for improvement in the major steps of the billing process, including client registration, charge capture, bill preparation, client billing and payment, and collections and write-offs. In relation to write-offs, there are opportunities to present aging accounts receivable information in a way that more accurately identifies what can realistically be collected. For example, the County could develop categories, based on certain factors that reflect the likelihood of collecting on the amount owed.

Conclusion

In many ways, the Sauk County Human Services Department finds itself at a crossroads. With significant change due to the transition to Family Care still impacting the agency, the County has an opportunity to take a fresh look at the remaining core functions in the Human Services Department to determine how it can best align these and also how it can improve the way the agency relates to the County's other health

and human services functions, which collectively comprise approximately 40% of the County's budget. The recommendations and options for organizational improvement are intended to serve as a framework for County policymakers to develop the optimal structure for positioning the Human Services Department in a way that maximizes future opportunities and minimizes the risks presented by an ever-changing external environment.

The project team greatly appreciates the contributions made by Human Services Department and other Sauk County officials who shared their perspectives, and provided information and data throughout the course of this study.

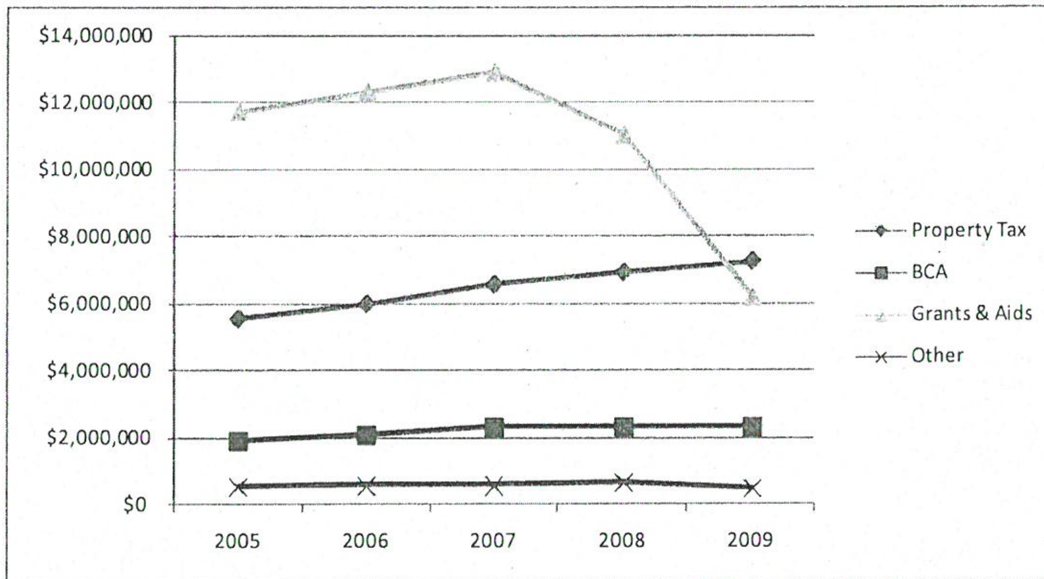
Revenue and Expenditure Trends

The financial analysis of the Sauk County Human Services Department was based on a historical review of financial data over the past five years (2005-2009) and amounts allocated in the County's 2010 budget. Table 3 at the end of this section provides an organization wide summary of revenues and expenditures over this period, and Appendix A contains a detailed analysis of revenues and expenditures by program or unit.

Revenue Trends – Overall

- Total Human Services Department revenue decreased $3.5 million between 2005 and 2009, or 17.5% during this period (annual average decrease of 3.9%). However much of this drop occurred between 2008 and 2009 with the transition to Family Care.
    - Revenue from three sources (Property Tax, Basic County Allocation – BCA, and Grants and Aids) has represented approximately 97% of all agency revenue.
    - Total revenue decreased $4.7 million between 2008 and 2009 (22.1% drop), with virtually all of this a result of the elimination of grants and aids for the adult long-term care waiver programs associated with the transition of these services from the County to the Family Care managed care organization (MCO). The waiver programs include the Community Options Programs (COP and COP-W) and the Community Integration Programs (CIP 1A, CIP 1B and CIP II).

Table 1
Summary of Revenue Trends by Category, 2005 to 2009



- Revenue from the property tax levy increased $1.7 million between 2005 and 2009, or 30.3% during this period (annual average increase of 6.9%).
    - Revenue from the property tax levy grew from 28% of total Human Services Department revenue in 2005 to 44% in 2009.

  - The growth in property tax revenue as a funding source for agency programs is reflective of continuing trends for no growth or decreases in state aid. The only significant offset to this trend is the state assumption of future liability for adult long-term care costs with the transition to Family Care.

- Revenue from the Community Aids basic county allocation (BCA) remained flat during this period, with a slight increase that appears to be a result of how the County accounted for the revenue associated with Wisconsin Medicaid Cost Reporting (WIMCR) funds rather than a result of new funds.

- Revenue from grants and aids from state and federal sources (which includes Medicaid) was the largest source of reduction in revenues, dropping nearly $5.8 million between 2005 and 2009, or 48% during this period (annual average decrease of 12.6%). However, most of this reduction occurred between 2008 and 2009.

  - Revenue from grants and aids decreased from 61% of total agency revenue in 2005 to 38% in 2009.
  - Total Medicaid revenue in this category increased from $1.1 million in 2005 to $1.7 million in 2007 before decreasing to $1 million in 2009.
    - There was a decrease of 33.9% in Medicaid revenue between 2008 and 2009 caused mostly by the elimination of the County-provided personal care program and the assumption of these services by the Family Care MCO.

Revenue Trends – Unit Highlights (only units with significant changes are noted)

Department Management (Administration, Business Services, Support Services)

- Revenue from grants and aids decreased $747,000 between 2005 and 2009.

  - Community Service Deficit Reduction funds represented approximately half of the decrease.
  - Interdepartmental revenue associated with program support of department management and administration represented the remainder of the decrease, with the bulk occurring between 2007 and 2008 as the transition to Family Care was occurring and less overhead was funded by the former adult long-term care waiver programs.

Economic Support

- Revenue from the property tax levy increased from $10,000 in 2005 to nearly $110,000 in 2009, growing from 1% to nearly 11% of program revenue during this time.

Family Care

- Revenue in this unit includes both property taxes related to the County's contribution to support the transition to Family Care as well as grants and aids associated with the contract between the County and the Family Care MCO, the Southwest Family Care Alliance, to fund care management functions. The property tax levy will decrease roughly 20% per year over 5 years.

Long-Term Support (LTS)

- Total revenue decreased $2.4 million (69.2%) between 2005 and 2009 (annual average decrease of 16.7%); however, the bulk of this ($2 million) occurred during the 2008 and 2009 transition to Family Care.
    - Most of this decrease is in the area of grants and aids, specifically Medicaid funds related to the personal care program which was eliminated due to the transition to Family Care.
- Revenue from the property tax levy decreased from $623,000 in 2005 to $132,000 in 2009, a decrease of 78.9% (annual average decrease of 21%).
- Revenue from basic county allocation increased from $65,000 in 2005 to $504,000 in 2009.

Children and Family Support (Children's LTS and some Adult LTS)

- Total revenue decreased $5.3 million (85.8%) between 2005 and 2009 (annual average decrease of 22.4%); however, the bulk of this ($5 million) occurred during the 2008 and 2009 transition to Family Care.
    - Most of this decrease is in the area of grants and aids, specifically waiver funds associated with CIP 1A, CIP 1B, and the Brain Injury Waiver.
- The Human Services Department modified its budgeting for this unit in 2009 as a result of the Family Care transition, moving most of the revenue (and expenditures) associated with Children's Long-Term Support to the Long-Term Support Unit. This impacted revenue trends for both the property tax levy and the basic county allocation.
    - Revenue from the property tax levy decreased from $1.1 million in 2005 to zero in 2009.
    - Revenue from the BCA decreased from $273,000 in 2005 to zero in 2009.

Child Protective Services

- Total revenue increased $769,000 (41.0%) between 2005 and 2009 (annual average increase of 9.1%).
- Revenue from the property tax levy increased from $1.3 million in 2005 to $1.8 million in 2009, an increase of 46.4% (annual average increase of 10.1%).
- Revenue from the BCA increased from $348,000 in 2005 to $540,000 in 2009, an increase of 55.1% (annual average increase of 12.3%).

Community Support Program (CSP)

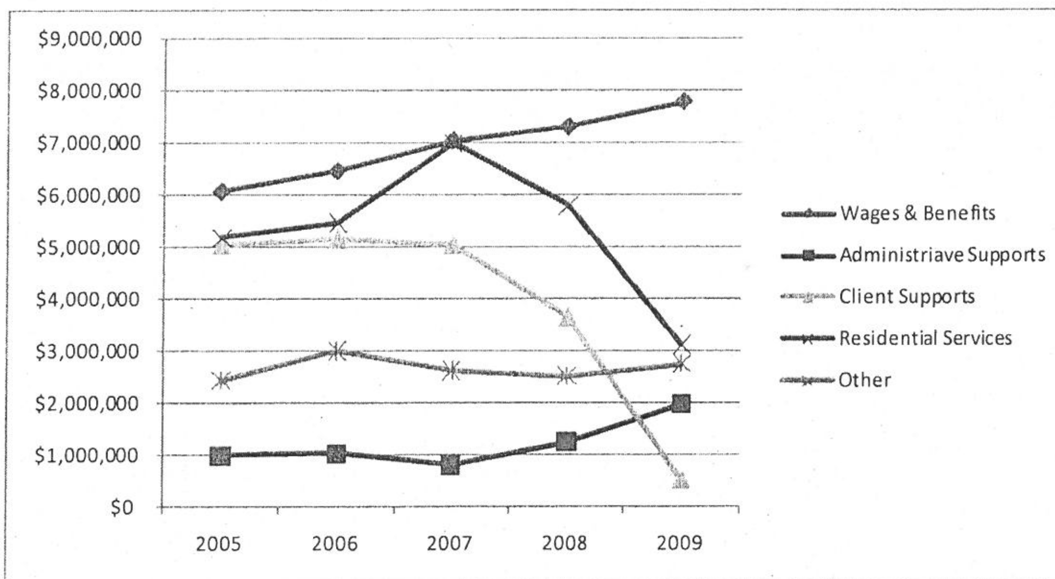
- Total revenue increased $622,000 (60.9%) between 2005 and 2009 (annual average increase of 12.8%).

- Revenue from the property tax levy increased from $526,000 in 2005 to $1.0 million in 2009, an increase of 95.2% (annual average of 18.5%).
    - Property tax revenues as a percentage of total program revenue have increased from 51% in 2005 to 62% in 2009.
- Medicaid revenue (included in grants and aids) has averaged $380,000 annually between 2005 and 2009.
    - Medicaid as a percentage of total program revenue has decreased from 36% in 2005 to 28% in 2009.

Expenditure Trends – Overall

- Total Human Services Department expenditures decreased $3.6 million between 2005 and 2009, or 18.0% during this period (annual average decrease of 4.1%).
    - Between 2008 and 2009, total expenditures decreased $4.3 million (21.2% drop), with virtually all of this a result of the elimination from the agency and assumption by Family Care of client supports and services for adult long-term care (e.g., day services, supportive home care, sheltered work, specialized transportation) and residential services in supportive living settings such as community-based residential facilities (CBRF), adult family homes (AFH), and residential care apartment complexes (RCAC).

Table 2
Summary of Expenditure Trends by Category, 2005 to 2009



- Total Human Services Department expenditures related to wages and benefits increased from $6.1 million to $7.8 million between 2005 and 2009, or 28.4% (average annual increase of 6.5%).

  - Wages and benefits grew from 30.7% of total agency expenditures in 2005 to 48.1% in 2009, which, in part, reflects the elimination of County-contracted adult long-term care services due to Family Care. With the reduction in a substantial amount of contracted services due to the transfer of adult long-term care to Family Care and therefore an overall reduction in the Human Services Department budget, a larger portion of expenditures is now allocated to wage and benefit costs.

- Total agency expenditures related to administrative supports and services increased nearly $1 million, however this is a result of how the County is showing its contribution to support the transition to Family Care. The increased expenditures are offset by property tax levy and will decrease approximately 20% per year through 2013.

- Total agency expenditures related to client supports and services decreased from $5.1 million in 2005 to $539,000 in 2009, an 89.3% decrease (average annual decrease of 28.2%). Expenditures in this category include such things as day services, adaptive aids, respite care, sheltered/supported work, specialized transportation, and supportive home care.

  - Supportive home care expenditures represented a decrease of $3.1 million during the 2005 to 2009 period, with those expenditures transferring to Family Care. Of this amount, $1.9 million in reductions occurred between 2008 and 2009.
  - Sheltered/supported work expenditures represented another $789,000 in reductions, $576,000 of which occurred between 2008 and 2009.

- Total expenditures related to residential services in supportive living settings decreased from $3.4 million in 2005 to $1.5 million in 2009, a 57.4% decrease (average annual decrease of 11.5%). This includes residential settings such as CBRFs, AFHs, and RCACs, which became the primary responsibility of Family Care.

  - Expenditures in this category increased between 2005 and 2007 from $3.4 million to $4.7 million, but then decreased again in 2008 and significantly more in 2009.
  - CBRF expenditures decreased $921,000 between 2008 and 2009.
  - Adult Family Home expenditures decreased $1.2 million between 2008 and 2009.

Expenditure Trends – Unit Highlights (only units with significant changes are noted)

Family Care

- Expenditures include the wages and benefits for the care managers on staff that are under contract with the Southwest Family Care Alliance, totaling $1.3 million in 2009.

- Expenditures include the offset to the property tax levy related to the County's contribution to support the transition to Family Care in the amount of $1.3 million in 2009. This amount will decrease roughly 20% per year over 5 years.

Long-Term Support (LTS)

- Total expenditures decreased $1.9 million (62.9%) between 2005 and 2009, however the bulk of this ($1.5 million) occurred during the 2008 and 2009 transition to Family Care.
    - Expenditures for client supports and services decreased from $1.1 million in 2005 to $147,000 in 2009, with the largest share of the reduction a result of supportive home care ($740,000).
    - Expenditures for residential services in supportive living settings decreased from $939,000, 2005 to $133,000 in 2009, with the largest share of the reduction a result of CBRFs ($775,000)

Children and Family Support (Children's Long-Term Care and some Adult Long-Term Care)

- Total expenditures decreased $5.6 million (87.5%) between 2005 and 2009, however the bulk of this ($4.5 million) occurred during the 2008 and 2009 transition to Family Care.
    - Expenditures for wages and benefits decreased from $543,000 in 2005 to $5,000 in 2009, with much of this drop occurring between 2008 and 2009 with the transition to Family Care. However, the Human Services Department also modified how it was budgeting for wages and benefits associated with Children's Long-Term Care during these two years as well, transferring much of the labor costs to the Long-Term Care Unit budget.
    - Expenditures for client supports and services decreased from $3.8 million in 2005 to $203,000 in 2009, with the largest share of the reduction in supportive home care ($2.3 million).
    - Expenditures for residential services in supportive living settings decreased from $1.4 million in 2005 to $3,000 in 2009, with the largest share of the reduction a result of AFHs ($894,000) and CBRFs ($532,000).

Child Protective Services

- Total expenditures increased $727,000 (35%) between 2005 and 2009 (annual average increase of 8.4%).
    - Expenditures for wages and benefits increased just over $111,000, or 20.1% between 2005 and 2009 (annual average increase of 4.7%).
    - Expenditures for residential services in supportive living settings increased from $532,000 to $798,000 (50%), with spending on foster homes increasing by $155,000 and group homes increasing by $169,000 between 2005 and 2009.
    - Expenditures for counseling and therapeutic services increased from $344,000 in 2005 to $608,000 in 2009, due to growth in integrated services.

Community Support Program (CSP)

- Total expenditures increased $596,000 (50.8%) between 2005 and 2009 (annual average increase of 11.0%).
    - Expenditures for wages and benefits increased $325,000, or 38.8% between 2005 and 2009 (annual average increase of 8.6%).
    - Expenditures for residential services in institutional settings increased $120,000 between 2005 and 2009.

Sauk County Department of Human Services
Summary of Revenues & Expenditures 2005 - 2009 Actual, 2010 Budget
ORGANIZATION WIDE SUMMARY

REVENUES	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	Average Annual % Change	2010 Budget
Property Tax	$ 5,580,176	$ 6,018,710	$ 6,584,174	$ 6,949,532	$ 7,272,413	6.9%	$ 7,516,341
Basic County Allocation	1,924,690	2,078,606	2,325,896	2,333,888	2,341,879	5.1%	2,256,770
Grants & Aids	11,770,351	12,351,876	12,941,822	11,068,608	6,237,697	-12.1%	6,381,235
Fines & Forfeitures	109,410	117,057	122,811	122,388	121,200	2.6%	140,000
Client & Third Party Collections	429,981	472,637	445,782	520,264	379,210	-1.5%	430,450
Miscellaneous Revenue	7,751	8,166	21,303	20,679	9,785	27.7%	45,421
Applied Fund Balance	0	0	0	0	0	0.0%	259,021
TOTAL REVENUES	**$ 19,822,359**	**$ 21,047,052**	**$ 22,441,788**	**$ 21,015,359**	**$ 16,362,183**	**-3.9%**	**$ 17,029,238**
% Change from Prior Year		**6.2%**	**6.6%**	**-6.4%**	**-22.1%**		**4.1%**
EXPENDITURES							
Wages & Benefits	$ 6,069,134	$ 6,464,575	$ 7,044,846	$ 7,311,222	$ 7,794,314	6.5%	$ 8,131,683
Committee Expenses	5,072	6,160	7,560	8,400	9,350	16.6%	9,500
Contracted Staff	558,196	497,493	559,476	521,312	553,904	0.3%	589,497
Administrative Supports & Services	1,003,305	1,035,459	828,485	1,261,733	1,986,642	23.2%	1,890,072
Client Supports & Services	5,056,384	5,169,604	5,053,263	3,655,123	539,593	-28.2%	553,406
Residential Services - Supportive Living Settings	3,414,639	3,705,874	4,725,066	3,735,848	1,454,034	-11.5%	1,406,500
Counseling & Therapeutic Services	1,442,385	1,690,086	1,659,582	1,557,933	1,732,465	5.1%	1,431,992
Residential Services - Skilled Nursing	56,236	19,170	1,561	2,791	2,385	-23.4%	1,350
Residential Services - Institutional Settings	1,723,012	1,748,500	2,272,655	2,060,984	1,672,589	0.8%	2,256,300
Economic Supports & Services	438,346	444,944	402,767	442,533	464,090	1.7%	501,916
Transfers to General Fund	0	369,316	0	0	0	0.0%	0
TOTAL EXPENDITURES	**$ 19,766,709**	**$ 21,151,181**	**$ 22,555,260**	**$ 20,557,878**	**$ 16,209,367**	**-4.1%**	**$ 16,772,217**
% Change from Prior Year		**7.0%**	**6.6%**	**-8.9%**	**-21.2%**		**3.5%**
EXCESS REVENUE/(EXPENDITURE)	**$ 55,650**	**$ (104,129)**	**$ (113,472)**	**$ 457,481**	**$ 152,816**		**$ 257,021**

Overview of Current Organizational Structure

The Sauk County Human Services Department has nine separate organizational units, including two agency support units (Business Services and Administrative Services) that report to the Department Director or Deputy Director. The Director reports to the County Administrative Coordinator and the Human Services Board, and the Deputy Director reports to the Director. The agency has 117.19 full-time equivalent (FTE) positions, with the Family Care/Long-Term Support Unit as the largest unit, both in terms of staff and budget.

Table 1
Current Structure of Human Services Department

UNIT	Family Care/ Long-Term Support	Outpatient	Community Support Program	Child Protective Services	Youth Services	Children's Long-Term Support	Economic Support	Business Services	Adm. Services
Reports to	Director	Deputy	Deputy	Deputy	Deputy	Deputy	Director	Director	Director
Full-Time Equivalent Positions	24.21 FTE	15.39 FTE	16.51 FTE	9.51 FTE	7 FTE	4.8 FTE	11 FTE	11.77 FTE	15 FTE
2010 Budget	$3,327,539[1]	$2,066,023[2]	$1,674,215	$2,384,628	$1,528,245	$1,066,022	$1,238,061	$784,322	$895,527

The primary service focus of the nine units is briefly described below:

1. Family Care/ Long-Term Support Unit – Provides care management under contract with the Southwest Family Care Alliance, the Family Care Managed Care Organization (MCO). This arrangement for care management services will be ending in 2010. The unit also includes the Adult Protective Services function (2.8 FTE positions), which is responsible for investigating abuse, neglect, and exploitation of adults, 18 years and older, who are elderly and/or have disabilities.

2. Outpatient Unit – Provides mental health and substance abuse counseling and emergency/crisis services, and administers the Comprehensive Community Services program benefit. The unit also includes the Access function (5 FTE positions), which is responsible for agency intake and referral, crisis call coverage during business hours and program support for the Child Protective Services Unit.

3. Community Support Program (CSP) Unit - Provides intensive services to individuals with serious mental illness in order to support them in the community whenever possible.

4. Child Protective Services Unit – Investigates alleged cases of child abuse and neglect, and arranges alternate care, when necessary, to ensure safety.

5. Youth Services Unit – Assesses circumstances of alleged juvenile offenders, makes recommendations to the juvenile court as to the most appropriate disposition, arranges placement of juveniles and provides aftercare.

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[1] 2010 budgeted expenditures include $2,581,196 for the Family Care contract which will be ending in 2010 and $746,343 for Adult Protective Services.
[2] 2010 budgeted expenditures include $299,723 for Access staff.

6. Children's Long-Term Support Unit – Provides home-based support to children with disabilities and includes the Birth to 3 and Family Support programs.

7. Economic Support Unit – Processes applications for eligibility for a variety of public assistance benefits, including Medical Assistance, Food Stamps, Energy Assistance Program, child day care and the Wisconsin Works Program (W-2).

8. Business Services Unit – Provides financial management, billing and reporting services to support agency operations.

9. Administrative Services Unit - Provides administrative and clerical services to support agency operations.

Opportunities for Improvement

The structure of an organization should be designed to support its overall functions and goals. Given the significant changes impacting the Human Services Department's operations, it is important and timely to consider realigning the organizational structure to reflect the changes that have occurred and to position the agency to best meet future challenges.

Impact of Family Care

The transition of the County-administered adult long-term care waiver programs to Family Care has had and continues to have a significant impact on the size and scope of the Human Services Department's operations. The 2008 transition resulted in some downsizing of support services staff, the elimination of the County-provided personal care program and the loss of contracted long-term care services previously administered by the County. The additional loss of the County's contract with the Southwest Family Care Alliance for care management services under Family Care at the end of 2010 will effectively end the County's role as a provider of long-term care services to Family Care members.

Organization of Remaining Core Functions

With the downsizing due to Family Care, it becomes even more critical for the agency to focus on its remaining core functions and to do those well. Primary among these are mental health and substance abuse services and children's services. In order to more effectively and efficiently perform the remaining functions, the County can pursue opportunities to improve the current organizational configuration of the Human Services Department to:

- Align similarly-focused organizational units to serve eligible individuals and operate more effectively and efficiently.

- Achieve integrated service and resource planning for the efficient use of staff and other agency resources.

- Right size the number of separate organizational units to provide better management oversight and accountability for outcomes.

- Leverage the expertise, skills and best practices found within the agency and apply those to broader program areas and organizational units to improve service efficiency, consistency and quality.

Table 2 reflects the major options for Human Services Department restructuring.

Table 2
Proposed Organizational Structure of Human Services Department

Behavioral Health and Adult Services Unit	Children and Family Services Unit	Economic Support Unit	Business and Administrative Support Unit
• Combine Outpatient Unit and Community Support Program (CSP). • Integrate service delivery of all mental health and substance abuse (MH/SA) services along a continuum of treatment and support. • Incorporate Adult Protective Services (APS) staff previously in the Family Care/LTS Unit.	• Combine Child Protective Services (CPS), Youth Services and Children's Long-Term Support (CLTS) units. • Integrate service delivery to children and families to reflect the family-focused approach and goals for this area.	• Continue Economic Support as a stand-alone unit which works closely with the three other agency units.	• Combine Business Services and Administrative Services units. • Consolidate agency support functions to maximize staffing resources, standardize administrative and business practices, and better utilize existing technology.

<u>Overall Impact and Benefits of Restructuring</u>

The proposed organizational structure:

- Consolidates nine organizational units into four similarly-focused and compatible groupings.
- Reduces the number of direct reports to the Human Services Director and Deputy Director and management's overall span of control.
- Provides the necessary back-up for unit management positions and ensures management continuity.
- Provides opportunities to balance supervisory workload between currently segregated units.

- Reduces barriers to cross-utilization of staff within a broader unit structure.
- Removes structural barriers to achieve a more comprehensive and integrated approach to service delivery.
- Fosters a greater understanding of how the work and practices of similarly-focused programs interrelate to provide effective outcomes.
- Promotes broader service and resource planning among similar functional, service and/or target group areas.
- Reduces the potential for decisions that have unintended or unknown consequences on other similar functional, service and/or target group areas.
- Reflects agency downsizing due to Family Care and the need to organize the remaining Department functions in a more integrated way.

Implementation Considerations

It is important to note that successful organizational restructuring efforts often require a period of time before the full impact and benefits of those efforts are fully realized. Implementation of organizational restructuring should take a planned, thoughtful approach that leverages existing opportunities for staff and other resources. Issues for the County to consider in implementing the proposed structure include the following:

- Ideally, each consolidated unit should be assigned a unit manager who would be responsible to the Human Services Director and ensure the effective coordination of programs and services provided in the respective units.
- Implementation of a consolidated unit structure can be phased in to minimize personnel changes and leverage the strengths of existing staff.
- A phased-in approach could target unit consolidation where the practicality of doing so is greater with existing staff.
- For consolidated units without a designated unit manager, a unit coordinator could be assigned who would assume the lead role in unit coordination, while maintaining program and staff responsibility.
- Depending on the pace of unit consolidation, the potential elimination of the Deputy Director position can be considered due to the significant reduction in the overall management span of control.

Role and Placement of the Access Function

As noted previously, the Access function is currently organizationally placed in the Outpatient Unit. The intake and referral function of the agency performed by Access staff is an important one for ensuring

that eligible individuals receive appropriate services. However, it appears that the effectiveness of the current function can be improved to avoid duplication and to ensure accurate information is given. Opportunities to improve the current Access function through organizational restructuring include:

- Separating out the agency access from the program support functions currently performed by Access staff, and transferring the program support function to the Children and Families or Behavioral and Adult Services units based on the percentage of time (i.e., Access staff FTE) allocated to each of the program units currently.

- Assigning coverage of crisis calls to the Behavioral Health and Adult Services Unit based on the time allocated to this currently.

- Assigning coverage of all other agency calls to the receptionist in the Business and Administrative Support Unit, who would provide general agency information and direct specific inquiries for information or services to the appropriate program unit.

Relational Nature

In addition to options for restructuring the internal organization of the Sauk County Human Services Department, opportunities also exist to improve the relational nature of the Human Services Department with other county health and human services functions through:

- Enhanced communication, interaction and information sharing
- Shared service approaches
- Program integration or consolidation
- Organizational consolidation
- Governance/oversight consolidation

The County's other health and human services functions with which the Human Services Department interacts are represented in the County's Support Services Functional Group and include the:

- Public Health Department
- Aging and Disability Resource Center (ADRC)
- Health Care Center
- Veterans' Service Office

While not part of the Support Services Functional Group, the Child Support Department was included in this study as well, and its relational nature with the Human Services Department was also considered.

A number of overall observations can be made regarding the nature of the relationship between the Human Services Department and the other health and human services functions. These observations are briefly highlighted for each department.

Public Health Department

- Public Health has the greatest number of clients in common with the Human Services Department.

- Potential program integration with the Human Services Department is in the area of protective services for at-risk adults, children, and families and in the area of Children's Long-Term Support, where a Public Health special care needs nurse works with the Human Services Department's Birth to 3 staff.

- Potential alignment with the Human Services Department from a business infrastructure standpoint.

- Located in the same building so sharing of services would be easier.

Aging and Disability Resource Center (ADRC)

- Potential program integration with the Human Services Department related to access, intake, information and referral functions.

- Interaction between the Human Services Department and the ADRC is in specific areas (e.g., benefits eligibility information, MA-funded transportation).

- Potential alignment with the Human Services Department from a business infrastructure standpoint.
- Located in the same building so sharing of services would be easier.

Health Care Center

- Potential for program integration with the Human Services Department is limited, since serving individuals with mental illness or behavioral challenges is not a focus of the Heath Care Center.
- Main interaction is with the Human Services Department's Adult Protective Services (APS) function regarding protective placements and guardianships.
- Potential alignment with the Human Services Department from a business infrastructure standpoint.
- Potential shared service approach, but different locations would be challenging.

Veterans' Service Office

- Alignment between the Veterans' Service Office and the ADRC from a business infrastructure (e.g., budgeting and administrative services) and governance/oversight standpoint have already occurred, and appears to be working well.
- Main interaction is with the Human Services Department's Economic Support Unit related to benefit eligibility.
- Differences in philosophy and approach between Human Services and Veterans, since veterans' benefits are not typically means-based, but rather treated as an entitlement due to veteran and disability status.

Child Support

- Child Support is closely tied to the courts, and not naturally aligned with the Human Services Department.
- Different philosophy as an enforcement agency, as opposed to a human services agency.
- Continued collaboration between the departments is important due to the significant number of referrals from the Human Services Department and the need for information-sharing regarding the financial status of children and families served by the Human Services Department.

Organizational Options for Improvement

There are several major options for Sauk County to consider when reviewing the relational nature of the Human Services Department with the County's other health and human services functions. These range from the current functional group structure to a consolidated or divisional organizational structure. The four options are identified in Table 1 with a brief description of the benefits and challenges of each.

Table 1
Organizational Options to Improve the Relational Nature of the Human Services Department (HSD) with Other County Health & Human Services (H&HS) Functions

Option 1: H&HS Functional Group	Option 2: H&HS Consolidation under HSD	Option 3: H&HS Division Structure	Option 4: H&HS Committee Consolidation
Continuation of the current functional group comprised of the five H&HS agencies: HSD, Public Health, Health Care Center, ADRC and Veterans. Functional group appoints its chairperson.	Creation of a broader human services organization through the organizational consolidation of one or more county H&HS agencies with HSD.	Creation of a Health and Human Services Division comprised of the current H&HS Functional Group, along with the establishment of a H&HS Division Leader who is responsible for overall planning, management and strategy development for health and human services.	Creation of a Health and Human Services Committee as the oversight committee for the County's H&HS agencies and functions.
Opportunity/Purpose			
Functional Group shares information and identifies opportunities for coordination and service sharing between HSD and other H&HS agencies and among the H&HS agencies.	Consolidation with HSD reflects trend in county health and human services to achieve an integrated systems approach to service planning, resource allocation and overall operations.	Divisional structure enhances functional group approach with formal structure, leadership and management support.	Alignment of the administrative structure (through Options 1, 2 or 3) and the governance structure for H&HS achieves a coordinated approach to the H&HS policy-making function of the County Board.
Limitation/Challenge			
Group lacks authority and accountability to make changes and has no formal structure to implement changes in a way that benefits the County as a whole.	Difficult to gain acceptance of consolidation due to concern of individual departments and their constituencies over loss of department identity, control and service focus.	Some potential concern over loss of department identity and control with division structure, but lessened due to fact that department structures and decision-making will continue.	Difficult to gain acceptance of consolidation due to concern over loss of individual committee control and involvement.

Option 1 – Health and Human Services Functional Group

This option is basically a continuation of the functional group structure established by the County five years ago to encourage coordination and service sharing among similarly-focused departments. The functional group for the County's health and human service agencies is officially known as the Support Services Functional Group and has met periodically over the years – sometimes monthly but often less frequently. With some goal-setting and direction provided by the County Administrative Coordinator and County Board, the functional group's agendas and scope of work have been largely determined by the members of the group.

While the Health and Human Services Functional Group has achieved some success, it appears that more broad-based efforts to improve the relational nature of the Human Services Department with other health and human services departments will require structural changes that address the lack of authority and accountability that limits the success of the functional group.

Option 2 – Health and Human Services Consolidation under the Human Services Department

This option is the more common approach that many counties around the state have taken to improve the relationship between their human services department, representing the largest agency, and other similarly-focused departments.

Based on information from the Wisconsin Department of Health Services (DHS) Web site, 59 of the state's 72 counties have human services departments, which, like Sauk County, have combined community programs (Chapter 51 services) and social services department programs. However, unlike Sauk, more counties have a broader health and human services focus for their human services departments. Of the 59 counties with human services departments, the number of counties that have included additional health and human services functions (e.g., Aging, ADRC, Public Health, Child Support, Nursing Home, and/or Veterans' Services) in their human services department structures are listed in Table 2.

Table 2
Wisconsin County Health and Human Services Department (HSD) Organizational Structures

H&HS Function Included in HSD Structure	Number of Counties	Counties with Specific H&HS Functions Included in HSD Organizational Structure
Aging	32	Adams, Bayfield, Buffalo, Burnett, Calumet, Columbia, Dane, Dodge, Dunn, Green, Green Lake, Jackson, Jefferson, Kenosha, Kewaunee, Lafayette, Marquette, Outagamie, Ozaukee, Pepin, Pierce, Price Racine, Richland, Rusk, Sheboygan, St. Croix, Trempealeau, Walworth, Waukesha, Waupaca, Winnebago
Aging & Disability Resource Center (ADRC)	32	Ashland, Bayfield, Calumet, Columbia, Dodge, Dunn, Green, Green Lake, Jackson, Jefferson, Kenosha, La Crosse, Lafayette, Marquette, Milwaukee, Monroe, Outagamie, Ozaukee, Pepin, Pierce, Price, Racine, Richland, Rusk, Sheboygan, St. Croix, Trempealeau, Vernon, Walworth, Washington, Waukesha, Waupaca

H&HS Function Included in HSD Structure	Number of Counties	Counties with Specific H&HS Functions Included in HSD Organizational Structure
Public Health	29	Adams, Ashland, Barron, Buffalo, Burnett, Columbia, Dodge, Douglas, Green Lake, Jackson, Kenosha, Marinette, Menominee, Milwaukee, Oconto, Outagamie, Portage, Price, Racine, Richland, Rusk, Sawyer, Sheboygan, St. Croix, Trempealeau, Walworth, Washburn, Waukesha, Waupaca
Child Support	13	Ashland, Buffalo, Calumet, Jackson, Juneau, Kenosha, Outagamie, Pepin, Pierce, Rusk, Vernon, Walworth, Washburn
Nursing Home	6	Brown, Dane, Kenosha, Racine, St. Croix, Walworth
Veterans	4	Kenosha, Racine, Rusk, Waukesha

There are only 10 other counties, like Sauk, that have a more limited human services department organizational structure to primarily include community programs and social service department programs. In addition to Sauk, the counties with more limited human services structures are: Chippewa, Crawford, Eau Claire, Florence, Iron, Manitowoc, Polk, Rock, Taylor and Waushara. Also, Wood County plans to merge its community programs and social service departments into a human services department structure beginning in 2011. Wisconsin also has three multi-county systems for provision of community programs (Chapter 51 services) which involve a total of eight counties (Grant-Iowa, Forest-Vilas-Oneida and Marathon-Lincoln-Langlade).

Option 2 would involve organizational structural changes at the administrative level that result from the merger of one or more County health and human services functions with the Human Services Department. Option 2 would also necessitate a corresponding consolidation of oversight committees and/or boards in order to ensure that the governance/oversight structure of the County Board parallels the County's new administrative structure.

Option 3 – Health and Human Services Division Structure

Under this option, the County would formalize the Health and Human Services Functional Group structure by creating a Health and Human Services Division comprised of the Human Services Department and the County's four other health and human services functions currently included in the functional group (i.e., Public Health, ADRC, Health Care Center and Veterans). By formalizing the structure of the Health and Human Services Functional Group, this option would provide greater leadership and management support. The following are key components of such a structure:

- There would be no loss of department status or identify for the individual departments. Potential consolidation of departments within the proposed Health and Human Services Division, if appropriate, could occur over time.

- The Health and Human Services Division would be headed by a Division Leader or Executive Director, who would lead a management team comprised of the respective department heads and

be responsible for overall system planning, management and strategy development for the County's health and human services functions. The focus of this position would be on ways to coordinate, integrate and /or centralize health and human services functions for more effective and efficient operations. The Division Leader would be involved in any department issues and decisions that would or could impact other health and human services departments. However, issues and decisions that are limited to the operations of a particular department would continue to be made by individual departments and department heads.

- Directors of individual departments would report to the Health and Human Services Division Leader who would, in turn, report to the County Administrative Coordinator. This would provide greater management support and accountability for the current functional group structure.

- Potential areas that could be improved through coordination, integration and/or centralization include the following functions that cross departmental lines, some of which have already been identified by the Health and Human Services Functional Group:

    - Billing and Collections
    - Reception
    - Access/Intake
    - Financial Management and Budgeting
    - State Reporting
    - Administrative Support Services (e.g., clerical, filing, records management)
    - Contract Administration and Management (i.e., oversight of purchase of service providers)
    - Purchasing (i.e., opportunity for greater purchasing volume from same vendors)
    - Shared Program/Treatment Services (e.g., therapy services, nursing services, transportation)
    - Volunteer Recruitment and Coordination

- Management Information Systems (MIS) and Human Resources (HR) functions would continue to be provided through County central services, with a migration to greater specialization of MIS and HR staff resources for health and human services over time. For example, specialization of these central support functions can be accomplished by assigning and designating specific MIS and HR staff to the Health and Human Services Division and departments.

Option 2 would involve some organizational changes at the administrative level due to the creation of a division structure. However, these could be minimized if existing budgeted positions are reallocated to the division level. This option would also necessitate a corresponding consolidation of oversight committees and/or boards in order to ensure that the governance/oversight structure of the County Board parallels the County's new health and human services division structure.

Option 4 – Health and Human Services Committee Consolidation

While the previous three options focus on changes to the County's administrative structure to improve the relational nature between the Human Services Department and the County's other health and human services functions, Option 4 focuses on the County Board's governance/oversight structure for health and human services. Under this option the County would create a Health and Human Services Committee that would consolidate the following current committees and boards:

- Aging and Disability Resource Center Committee (5 County Board Supervisors) – oversees the ADRC and Veterans' Services

- Continuum of Care Development Committee (7 County Board Supervisors) – responsible for developing a continuum of long-term care services for the elderly and disabled populations and coordinating countywide humans service needs

- Heath Care Center Board of Trustees (4 County Board Supervisors and 3 citizen members) – oversees the Sauk County Health Care Center

- Human Services Board (6 County Board Supervisors and 3 citizen members) – oversees the Human Services Department

- Public Health Board (4 County Board Supervisors and 3 citizen members) – oversees the Public Health Department and also serves as the home health professional advisory group.

A broader governance committee structure can reduce the need for separate ad hoc committees that are created for issues that cross departmental lines and can prevent the fragmentation and redundancy that may occur when these additional committees are created. A consolidated Health and Human Services Committee would likely include more overall members than the separate committees currently include so that all areas in the Committee's broader scope are adequately represented.

The County could also consider establishing one or more subcommittees, if needed, to serve in an advisory capacity to the Health and Human Services Committee. For example, given the significant impact the Health Care Center operations have on the County property tax levy and the specialized knowledge necessary to provide effective oversight, it may be beneficial for the County to establish the Health Care Center Board of Trustees as a subcommittee so it can continue to benefit from the outside expertise and focused attention that the current Board of Trustees provides.

Option 4 can be implemented in conjunction with the current functional group structure outlined in Option 1 in order to help provide a level of accountability and authority that is now lacking and needed to implement changes. Option 4 should also be implemented in conjunction with Options 2 and 3 to ensure that the governance/oversight structure for health and human services functions parallels the administrative structure. It would be redundant and counterproductive if separate committees continued to have jurisdiction over departments that were consolidated or operating within a broader division structure.

Billing Process Review

TMG consultants interviewed the billing staff in the Business Services Unit of the Sauk County Human Services Department about all aspects of the billing cycle starting with registration and ending with payments and write-offs. Some existing data on the billing cycle was reviewed such as accounts receivable aging reports and collections reports. In addition, policies and procedures documentation was also reviewed.

The billing cycle was viewed from a cross-functional perspective. The billing cycle involves County employees who provide human services, contracted service providers, the Business Services Unit, Medicare and Medicare, and private insurance companies. The project team's observations and suggested opportunities involve all components of the billing process and are not focused solely on the Business Services Unit.

There appear to be a number of good opportunities for improving the processes. Many of the opportunities will require more analysis to confirm their potential benefits and the practicality of the solutions. Some, however, can be implemented without additional analysis. In some cases, definitive recommendations for improvement have not been developed due to a lack of information available to diagnose the problems and identify their root causes. In these areas, additional data collection is necessary before further analysis can be conducted and appropriate improvement opportunities can be developed.

The analysis of the billing cycle took a process perspective. A high level process diagram was developed (see diagram on the next page) to show generally how the work flows and to highlight areas where re-work is required to correct errors and collect missing information. The discussion of the improvement opportunities follows the major steps shown in the process diagram.

The process perspective is important for finding areas for improvement and diagnosing the cause of problems. One advantage is that it shows how the various functions (e.g., service delivery, Access, business management) interact in producing an outcome – in this case, payments for services provided by the Human Services Department. Most often, it is problems in the process that cause poor performance rather than people not doing their jobs properly.

Sauk County Human Services Billing Cycle

Client goes to Access unit for referrals

Referral

Client goes to contracted service provider. Some clients don't go through Access.

Client Billing Registration

Client billing info collected by BU at 1st appointment; Client liability determined

Client registers with contracted service provider (1)

Co-pays and outstanding bills collected

Service provided to client by county staff and contracted providers

Error correction loop

Charge Capture

Charge captured by county workers in service activity log

Charge data entered into system by Data Entry unit

Charge data edited by data entry unit

Charge captured by contracted provider and billed to county

Charge data entered into system by Accounts Payable unit

Charge data edited by Accounts Payable

Error correction loop

Insurance Bill Preparation

Charge and client data reviewed and corrected & completed by Billing Unit

Bills prepared for insurance (private, Medicaid & Medicare)

Correction & completion loop with client, providers and reports

Clients, providers & databases

Insurance billed if client provides information

Insurance Billing and Payment

Bills sent to private insurance companies

Bills sent to Medicaid (FHS)

Bills sent to Medicare (WPS)

Denial, correction, re-submission loops

Insurance company review

Medicaid review

Medicare review

Checks sent to Billing Unit with remittance advice

Payments credited to client accounts (2)

Client Billing and Payment

Client billed if no insurance or insufficient eligibility information

Client amount owed verified; Balance billed to client if private insurance

Service event/bill closed if nothing owed

Client billing statement prepared and mailed

Client payment received and credited to account

Collections and Write-Off

Amount past due?

Y

Additional statements sent to client. Total of 3 statements + 1 final letter sent.

Account sent to collections agency (SCS) after 4 bills & no payments made

Uncollected payments written off & removed from A/R when bills sent to SCS

SCS collects from client and sends 50-67% of amount collected to county

N

Service event/bill closed

Notes:
1. Some providers bill 3rd parties directly
2. Some costs are covered by the county (e.g. county share of some Medicaid programs)

9-1-10

Overall Observations and Opportunities

There are several broad themes that deserve highlighting. These are described more specifically in some of the opportunities identified in relation to particular process steps.

- Incomplete, inaccurate and untimely client billing information – Getting good client billing information is essential for effective billing. There appear to be significant problems in getting client billing information that is complete and accurate. This causes:

    - Multiple contacts with clients to get the information which wastes staff time.
    - Inaccurate or unnecessary billings (e.g., incomplete client information from Birth to 3 program and Community Support Program can cause billing problems).
    - Increased collections work and reduced collections (e.g., searching for correct address information; missing income information could result in an incorrect zero liability determination).

    There is an opportunity to reduce these problems by:

    - Collecting more client billing information earlier in the process; and
    - Updating client billing information more frequently.

- Error correction – There are many steps in the billing cycle that focus on detecting and correcting errors. Much of this work involves finding missing information rather than correcting wrong information. This occurs in steps such as reviewing bills submitted by contract service providers, correcting service activity logs, preparing bills and fixing rejected insurance bills. The work to correct errors and find missing information can be reduced significantly through a concerted effort to avoid the problems in the first place, regardless of where in the process the problems originate. Getting things right the first time is nearly always the most efficient.

- Lack of coordination and information sharing – There appear to be significant opportunities to improve the coordination and information sharing among the various human services programs and the billing function in the Business Services Unit. The human services programs have complex data and billing requirements. Closer working relationships among all program and business services staff (both County and contracted) that play a role in a process will help create business processes and systems that are more efficient and have fewer errors. This coordination is particularly important when new programs are set up and new services providers are added. Cooperation should also extend to data sharing that can help improve the billing and collections processes and maximize revenues.

    The walls between the program and business functions are making it difficult to have an efficient and effective billing process. It is important to recognize that billing and collections are essential agency functions that require the attention and cooperation of all Human Services Department employees and contracted providers to ensure optimal financial support for agency operations and programs.

- Limited data to confirm and diagnose problems – Serious and sustained efforts to improve the entire billing cycle will require the collection of the data necessary to confirm the magnitude of the problems. Also without data, it is more difficult to determine a problem's root causes. Currently many of the problems reported are anecdotal and lack reliable data to back them up. Better data will be necessary as part of the next steps to improve the billing process.

Client Registration

Client registration begins the collection of information needed for billing. Only very basic billing information is currently collected when the client first visits the Access unit. Additional billing information is collected by the billing staff when the client comes in for the first appointment. Occasionally, clients may not meet with the billing staff at the first appointment. In some cases, clients may enter the system without going through Access and limited client billing information may be collected.

1. Collect more billing information early in the process, preferably at initial contact

   It appears that often critical billing information, particularly income verification information, is missing after the initial billing registration interview with the billing staff. There is an opportunity to improve the process by collecting more comprehensive and accurate information at this point. Some ideas to consider are:

   - Have billing staff collect billing information at the client's very first contact with Access. This would help to identify missing information, such as information for income verification for example. Better and more specific instruction could be provided to clients on what billing information should be brought to the first appointment for services.

   - Reinforce with clients the need to bring in billing information when they come for their first appointment. This could be done in the service appointment confirmation whether it is done by mail or phone call.

   - Follow-up quickly with clients who have not provided needed information at the initial billing registration. Waiting until after the service is provided is likely to reduce response rates.

   - Gain access to related databases (e.g., Economic Support data in CARES) to assist in getting the information needed for accurate billing.

   - Work with contracted service providers to collect needed client billing information or changes when the service provider is made aware of relevant information.

2. Regularly verify client billing information

   Client billing information can change rapidly. In cases such as those where client records are showing zero liability due to low income for example, information is checked monthly. But in other situations, verification of client billing information may occur only annually and that may not be done consistently. The option to verify client information at every service appointment should be explored. It is standard practice in the health care field to verify critical billing data (e.g., address, phone number, insurance coverage) at every health care appointment. Different methods to check client information at each visit will need to be identified and examined. In some cases, this work

could be done by support staff or by billing staff. In other situations, direct service providers may need to do this work when there is no support staff at a site and alternatives are not practical.

Charge Capture

Accurately capturing all the charges for client services is essential for maximizing reimbursements. There appear to be opportunities to improve the charge capture process so that data collection is more efficient and accurate.

1. Automate the service activity log

   County employees providing direct services complete service activity logs by hand. Three data entry staff then key that data into the CMHC system. Several error correction steps occur to make sure the service activity log data captured is accurate. Also, there are sometimes delays in direct service staff turning in their service activity logs, which can delay billing.

   There is an opportunity to improve this process by providing direct service employees access to the CMHC system so they can enter their charges directly. Ideally, charges could be captured from provider electronic case notes as is currently done in some situations. Automation would eliminate the unnecessary keying of information that has already been written down. It would also reduce transcription errors and speed the availability of charge data. Capturing charge information in this way is consistent with the rapid movement to electronic records in the health care industry. This type of automation would be a significant and difficult change for some providers. However, it is likely to be required eventually, as information technology systems provide more support for human services programs.

2. Assure that all charges are properly captured

   It is possible that all billable charges are not being captured and recorded on the service activity log, or that some services are improperly coded as a non-billable service. There should be clear policies regarding who can determine whether a service is billed or not. Billable charges should not be waived by direct service staff without following these policies. Also, charges may not be billed because of the type of staff assigned to particular clients. For example, a Medicare eligible client may see a staff person who is not Medicare certified. This may not be a significant problem, but data should be collected to determine the extent to which all chargeable services are properly captured. If the data shows that this is a significant problem, then steps could be taken to assure the capture and billing of all charges.

3. Assure charges are properly coded and not rejected due to incorrect codes or lack of prior authorization

   There may be charges that are rejected by the public and private insurance systems because the service was not coded properly or the service required prior authorization which was not obtained. These charges may then need to be written off. Lack of prior authorization may be the more common problem. Claim rejection data should be reviewed to determine the frequency of rejection due to a lack of prior authorization and similar problems. If this is occurring, specific steps should be built into the process to assure that prior authorization is obtained by the service provider when it is required.

4. Improve charge capture by contracted providers through better coordination between the program and business units

   Charges are also captured by contracted service providers. This data is submitted on the invoices to accounts payable. While it was reported that the vendor error rate is low overall, there appear to be significant problems getting accurate and timely information from several vendors in the Comprehensive Community Services (CCS) program benefit. There is an opportunity to improve this situation and avoid it in the future. Some ideas to consider are:

   - Always engage the Business Manager early in the program development and contracting processes to be sure that billing requirements are properly addressed from the start or when contracts are renewed or renegotiated.

   - Work with existing vendors to redesign and streamline their invoicing processes to improve timeliness and accuracy. This should include examining standardizing and automating provider invoicing. It may be possible to give providers access to parts of the CMHC system to reduce the need for data entry by County staff. Alternatively, perhaps Web interfaces could be built to electronically capture invoice data in a consistent manner.

Bill Preparation

The bill preparation process seems to involve a considerable amount of checking for errors, verifying information, finding missing information, and making manual adjustments. Many reports are run and checked to make sure that bills are complete and accurate when they are sent out. Clients and providers may need to be contacted to get needed information. There is an opportunity to reduce this work. Some ideas to consider are:

1. Collect more comprehensive and accurate client billing data early (see recommendations under Client Registration)

   Collecting client data at the bill preparation step in the process has a number of problems. Clients must be contacted by phone or in writing, which can be difficult and time consuming. Also, services have already been provided and, therefore, clients may not be motivated to provide the needed billing information.

2. Get access to databases that may have the needed client information

   There are several sources of client data that could help reduce the work needed to get client billing information if it is still missing at this step. Analysis should be done to determine the most common pieces of missing or inaccurate information. Then options to get that information from existing databases should be explored. For example, the Economic Support Unit has data in the CARES system and Child Support has data in the KIDS system. Wage and employment data is available from the state Department of Workforce Development. There are also commercially available databases than can be used to find or verify client information.

3. Consider automating the Medical Assistance case management billing

   Case management costs are currently billed on paper instead of electronically through the Forward Health portal, the state's Medicaid billing system. It is possible that this could be done electronically as with other Medicaid billings, which would probably be more efficient and provide more timely payments. The Business Services Unit is considering making this change.

Insurance Billing and Payment

During this part of the billing cycle, the bills are sent to the insurance companies and Medicaid and Medicare and the payments are received and credited to the appropriate accounts. A considerable amount of time seems to be spent fixing problems that are uncovered during this part of the process. For example, a significant number of claims submitted to Forward Health may be initially denied. Sometimes bills are denied by insurance because they are untimely. These then are re-billed to the clients if the client is the cause of the delay. Some rejections appear to be for no reason and are simply re-submitted by billing staff without change. All of this re-work takes staff time. Some of the work may be avoidable. Suggested steps to take include:

1. <u>Collect data on the number and cause of denials</u>

   Currently there is only limited information about rejections and denials. Some preliminary information suggests that initial denials may be around six percent for Medicare and Medicaid. Regular and systematic data collection is needed to determine the extent and nature of the problem. Once that is known, improvement actions can be developed. Of particular importance are denials that result in administrative write-offs (i.e., those write-offs which the County could prevent).

2. <u>Work with Forward Health to correct technical denials</u>

   There appear to be technical system problems that are resulting in denials by Forward Health related to certain claims involving Medicaid. These should be formally addressed directly with Forward Health, perhaps in conjunction with other counties who are experiencing similar problems.

3. <u>Investigate ways to coordinate the billing and denial cycle between private insurance companies and Medicare and Medicaid</u>

   There appears to be significant re-work involved in determining who will pay a claim. Frequently, Medicare or Medicaid will reject a claim because there is no rejection from private insurance. In some cases, the private insurance company has rejected the claim, but Medicare and Medicaid are not aware of it. In other situations, the client is covered by private insurance but billing staff is not aware of it and bills Medicare or Medicaid. These and similar timing and information sharing problems should be examined and appropriate solutions developed.

4. <u>Negotiate a contract with Blue Cross/Blue Shield</u>

   Blue Cross/Blue Shield often pays claims directly to the client rather than the County. This then requires the County to take the extra step of billing the client with less likelihood of collection. This problem could be resolved by negotiating a contract with Blue Cross/Blue Shield, similar to contracts the County has with other insurance companies. The Business Services Unit has begun working on this opportunity.

Client Billing and Payment

Clients may be billed after public or private insurance coverage is determined and paid. Clients are billed for the full amount if no information on insurance coverage is provided, or an amount determined by a sliding scale schedule if they meet income requirements. The problem that occurs at this step is

that clients, after receiving a bill, contact the billing staff and then provide the information necessary to bill insurance. This results in a correction loop and duplicative work where the insurance company is now billed for the charges. In some cases, the client could be re-billed for remaining charges after partial payment by a private insurance company. All of these steps are re-work that could be avoided. It is not clear how often this occurs and data should be collected to determine the frequency. Options to avoid these problems include:

1. Collect needed insurance billing information at initial contact (see opportunity under the client registration section)

   The best situation is to gather all client insurance-related information at the point of initial registration. This is most practical for clients that the billing staff can have direct contact with. Some clients see service providers directly (e.g. Birth to 3, crisis intervention) where different solutions would need to be developed.

2. Take additional steps in the insurance billing process to determine whether the client has insurance

   It is often difficult to get the necessary information from the client to determine insurance coverage or eligibility. Options to make it easier and faster to get client insurance information from sources other than the client should be investigated. Information may exist in other databases to identify clients that are covered by insurance or eligible for Medicaid or Medicare. Some of this is already being done, but further opportunities may exist.

Collections and Write-Offs

The collections part of the process begins after the client has missed a scheduled payment. The current practice is to send three statements to the client, followed by a final notice that the bill is being turned over to a collection agency. If payment is still not received, the account is turned over to a collection agency for collections. It appears that the collection recovery rate may be high. If this is the case, increasing collections efforts by the Human Services Department may be warranted. In this way, the County would avoid paying the collection agency 33% to 50% of the amount collected to cover its costs. Some collection improvement opportunities that could be considered include:

1. Intercept tax refunds directly from the Department of Revenue (DOR)

   This could result in the County receiving the entire tax refund intercept rather than sharing a percentage with the collection agency. This opportunity will depend on the complexity and work needed to set up the tax refund intercept arrangements. However, both the County's Child Support and Clerk of Courts offices use tax intercept. The Business Services Unit has already begun exploring this option.

2. Call clients who are behind on payments

   Currently, all the billing contact with clients is through the mailing of paper bills. The Human Services Department could make additional effort to contact clients by phone to encourage payment. It could also offer negotiated settlements at this point as well. Accounts could be turned over to the collection agency only after these extra steps by the County are unsuccessful.

3. Present accounts receivable information in a way that more accurately identifies the amounts that can realistically be collected

   While it may be desirable to maintain aging accounts receivable on the books in the event that circumstances change and full or partial collection on an account becomes possible, it can be misleading to present the full amount without further clarification. It is important to note that past due bills turned over to the collection agency are taken off the County's books and do not show up in the County's accounts receivable reports. However, inactive inpatient Medical Assistance (MA) and Supplemental Security Income (SSI) accounts must remain as accounts receivable. The County could consider developing categories based on certain known or unknown factors (e.g., employment status of client, whether or not the client has moved out of state) that reflect the likelihood of the County collecting the amount owed, such as high (very likely), medium (unsure) or low likelihood (very unlikely).

4. Examine administrative write-offs for opportunities to increase revenues

   Administrative write-offs occur when there are uncollectable charges that cannot be billed to the client. Untimely filings not caused by the client are an example. The list of administrative write-offs can provide good information of problems that, if solved, could increase revenues. While administrative write-offs are reported to be small, this is still a valuable source of information on revenue losses that may be preventable.