



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

PERFORMANCE AUDIT

**FUNDING PROVIDED BY STATE AGENCIES TO
HEARTLAND HUMAN SERVICES**

MAY 2009

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

*To the Legislative Audit Commission, the
Speaker and Minority Leader of the House
of Representatives, the President and
Minority Leader of the Senate, the members
of the General Assembly, and
the Governor:*

This is our report of the performance audit of the State funding provided by State agencies to Heartland Human Services under contracts or grant agreements in fiscal years 2007 and 2008.

The audit was conducted pursuant to House Resolution Number 1307, which was adopted on May 31, 2008. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.

A handwritten signature in black ink, appearing to read "William G. Holland". The signature is stylized with a large, sweeping flourish at the end.

WILLIAM G. HOLLAND
Auditor General

Springfield, Illinois
May 2009

REPORT DIGEST

PERFORMANCE AUDIT OF

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State of Illinois
Office of the Auditor General

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SYNOPSIS

House Resolution Number 1307 directed the Office of the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to Heartland Human Services (Heartland). Heartland is a non-profit corporation in Effingham, Illinois that provides outpatient services and 24-hour residential services to adults with mental illness. Our audit concluded that:

- During FY06 – FY08, State agencies provided \$7.4 million in funding to Heartland. The majority of the State funds, \$6.3 million, were provided by the Department of Human Services (DHS), mainly from the Division of Mental Health.
- In FY08, services provided at Heartland were affected by a labor strike. Most affected were DHS funded programs for the mental health division's CILA and Medicaid programs, the alcoholism and substance abuse division's Global program, and the rehabilitative services division's Supported and Extended Employment programs.
- Although the strike was ongoing at the end of the audit, Heartland had resumed services for all programs except for Supported and Extended Employment.
- All State agencies providing funding to Heartland conducted monitoring of Heartland during FY07 and/or FY08.

The audit identified several **Statewide** issues, such as:

- DHS allowed commingling of Medicaid funds with grant funds, which along with limitations in DHS reporting requirements, made it difficult to track and account for funding received by providers.
- Due to the process used by DHS to reconcile mental health funding, providers have been allowed to keep funding that was not reported as expended since FY05.
- DHS did not ensure that mental health providers reported interest earned on grant funds.
- The Illinois Department of Public Health did not require reporting of CILA employees to the Health Care Worker Registry as required by State law.

Issues specific to Heartland Human Services include:

- Based on financial reports, Heartland did not spend 80 percent of its Crisis Services funding on salaries and benefits as required by the grant agreement.
- Heartland allocated \$145,492 in revenue to the Crisis Services program in FY08 (\$128,683 in DHS funding and \$16,809 from non-State revenue), but only reported \$82,507 allowable in expenses for the program.
- Heartland employees need to be more specific when documenting services provided in the case notes.

REPORT CONCLUSIONS

Heartland Human Services (Heartland) is a non-profit corporation located in Effingham, Illinois. Heartland provides outpatient services and provides 24-hour residential services to adults suffering from mental illness at three community integrated living arrangements (CILAs). In January 2006, some of Heartland's employees voted to join the American Federation of State, County and Municipal Employees (AFSCME). On July 2, 2007, 35 of Heartland's 54 employees went on strike. Shortly after the strike began, Heartland began to hire new staff to operate some of its programs. The strike had not been resolved by the end of the audit.

We reviewed the personnel files for all 39 employees that were hired (between July 2007 and July 2008) after the strike began. Heartland's personnel files were thorough, and contained the appropriate documentation such as proof of a driver's license and insurance, transcripts or diploma, background checks, position descriptions, interview notes, required trainings, and other required professional designations or certificates. Based on our review, all employees hired by Heartland Human Services after the strike began met the educational and experience qualifications required by the position descriptions.

During FY06, FY07, and FY08, State agencies provided \$7.4 million in funding to Heartland Human Services. The majority of the State funds provided to Heartland, \$6.3 million, were provided by the Department of Human Services (DHS) mainly from the Division of Mental Health to administer community based programs.

The program areas affected by the strike at Heartland were those funded by DHS' Division of Mental Health (DMH), Division of Alcoholism and Substance Abuse (DASA), and Division of Rehabilitative Services (DRS). Heartland provides outpatient counseling for people of all ages that includes individual, marital, family or group counseling. In addition, Heartland provides 24-hour residential care to adults suffering from persistent mental illness. Services provided include training in life skills, community integration, and medication management.

Heartland's funding from DMH decreased from \$2,364,960 in FY07 to \$1,336,821 in FY08. DHS' mental health grant funding for Heartland (excluding the fee-for-service funding) remained fairly constant between FY07 and FY08: \$664,686 and \$635,417, respectively. However, fee-for-service funding decreased significantly from \$1,700,074 in FY07 to \$701,404 in FY08, primarily because Heartland was unable to provide certain services for a portion of FY08 due to the strike. Medicaid funding

decreased from \$1,511,124 in FY07 to \$621,328 in FY08. Non-Medicaid funding decreased from \$188,950 in FY07 to \$80,076 in FY08. The combined reduction in Medicaid and Non-Medicaid in FY08 was \$998,670.

Funding from DASA decreased from \$143,142 in FY07 to \$10,730 in FY08. DASA administers and monitors funding to a network of community-based substance abuse treatment programs. These programs provide a full continuum of treatment including outpatient and residential programs for persons addicted to alcohol and other drugs. Persons with specialized needs such as pregnant women, women with children, and injecting drug users are given priority. Heartland's contract with DASA includes two programs: Global and Special Project. The Global program was affected significantly by the strike.

Funding from DRS decreased from \$74,569 in FY07 to \$0 in FY08. DRS oversees programs serving persons with disabilities that include vocational training, home services, educational services, advocacy information and referral. Also provided are a variety of services for persons who are blind, visually impaired, deaf or hard of hearing. Due to the strike, there were no supported employment services provided during FY08.

DHS continues to work toward converting funding provided to mental health providers from a grant based system to a fee-for-service basis. The conversion that began in FY05 was not completed by the end of this audit. The agreement between DHS and Heartland lists the method of payment as "Grants" for all 10 mental health programs funded by DHS in FY08. For the 10 mental health programs funded in FY08:

- 8 capacity grant programs provided advance funding to Heartland which is primarily to be used for **expenses**, such as payroll, facility expenses, etc. Most grants have requirements on how such funds are to be used – such as 80 percent of the grant must go toward personnel costs; and
- 2 grant programs (MH Medicaid and MH Non-Medicaid) are treated as "fee-for-service" programs by DHS. Funds are advanced to Heartland for these two programs, and Heartland is required to submit bills on at least a monthly basis for billable services funded by the Medicaid and Non-Medicaid contract amounts. However, even though Heartland submits bills to DHS for the services it provides, Heartland is not reimbursed or funded based on these billings. Rather, due to the reconciliation method used by DHS, which is discussed later,

DHS has generally been allowing providers to retain any excess Medicaid funding which may not be supported by billings.

Statewide Issues

During our review of Heartland's use of State funds, as well as the State's monitoring of Heartland's use of such funds, we identified several **Statewide** issues. These issues not only impact Heartland, but likely impact other DHS providers as well. These issues not only result in noncompliance with administrative rules and grant agreements with providers, but also limit DHS' oversight, as well as the transparency, of the providers' use of State funds. DHS officials stated that many of the Statewide issues discussed below are the result of the Department's attempt to comply with the provisions of an FY05 Memorandum of Understanding, which dealt with changing the way mental health providers are funded from a grant method to a fee-for-service method.

1. DHS did not provide adequate guidance to providers in order to complete their Consolidated Financial Reports.

Due to a lack of guidance by DHS, Heartland did not allocate expenses directly to **each** mental health program specified in its agreement. As a result, it is not possible to determine whether expenses are being allocated to the DHS capacity grant, Medicaid, or Non-Medicaid portion of Heartland's funding. Heartland's Medicaid, Non-Medicaid and grant funds are lumped together to fund the mental health services it provides. This commingling of funding types, along with the limitations in DHS reporting requirements, makes it difficult to track and account for the funding received by providers.

Based on our discussions with Heartland, as well as DHS officials, much of the difficulty in tracking and reporting the use of funding from DHS relates to the way the Medicaid and Non-Medicaid funding is allocated. DHS allows providers to use Medicaid and Non-Medicaid funding not only for the specific Medicaid and Non-Medicaid grant program, but also to pay for services provided in other capacity grant programs, such as CILA or Crisis Services. In FY08, Heartland allocated Medicaid and Non-Medicaid grant funds among four of its DHS grant programs (Crisis Services, MH CILA, Gero-Psychiatric Services, and Medicaid/Non-Medicaid) based on the actual services it provided.

Since DHS does not require mental health providers to submit expenditure reports that document how grant funds were expended, DHS does not have any specific support for how the grant funds were expended. For example, many of the grants require that at least 80

percent of the grant shall be used to support salaries and benefits. Without these grant activity reports, it is unclear how DHS monitors this requirement.

Since financial reporting to DHS was not done by the program titles that were listed in the grant agreement, it is not possible for DHS to determine whether Heartland met performance and allowable cost requirements by program as required by the grant agreement. In order to determine how DHS monitors compliance with contracts and grant agreements, DHS was asked how it determines what is spent by program. A DHS official agreed that it is not possible to track spending by program. This appears to be a Statewide issue and is something that is not being monitored adequately by DHS.

2. Due to the way DHS reconciles mental health grant funding, providers have been allowed to keep funding for programs that was not reported as expended.

Due to the way DHS' Office of Contract Administration reconciles the funding DHS provided to mental health providers, providers such as Heartland have been allowed to keep mental health funding that was not reported as expended. Since FY05, DHS' reconciling of funding provided to mental health providers has not met the requirements of the Illinois Administrative Code or the grant agreements. Additionally, DHS continues to reconcile based on special instructions that were used for completing the FY05 grant report. Since FY05, the Department of Human Services/Division of Mental Health has been working on converting mental health providers from being funded through grants to being funded by fee-for-service. Although DHS/DMH has been working on the conversion since FY05, the conversion has not been implemented as of the end of the audit.

As a result, in FY08 several of Heartland's programs (Client Transition Subsidy, Psychiatric Medications, and SASS Flex) had expenditures that were less than the grant funds received. In these instances, Heartland was able to keep the funding due to DHS' reconciliation process that has been used since FY05.

In the time period between fiscal years 2005 through 2007, Heartland had "unearned income" from State moneys totaling \$490,883. While it is clearly not the intent of DHS to recoup all of the "unearned income" providers have realized as a result of the conversion to fee-for-service funding, this method of reconciliation may be resulting in providers retaining funding which is truly excess, and which has not

been spent in accordance with the grant agreement, and which should be returned to the State.

3. DHS did not ensure that mental health providers were reporting interest earned on its grants.

Heartland's FY07 and FY08 reconciliation documentation provided by DHS' Office of Contract Administration did not show that Heartland earned any interest on the \$3,701,781 in funding received for mental health programs over the two year period. The Grant Funds Recovery Act requires that interest earned on grant funds held by a grantee shall become part of the grant principal. Additionally, DASA and DRS did not require Heartland to calculate interest earned and repay interest earned on unspent advance funds.

4. The Illinois Department of Public Health and DHS did not require reporting to the Health Care Worker Registry.

During our review of Heartland, we determined that the Illinois Department of Public Health (IDPH) does not require community integrated living arrangements licensed by DHS to report the results of background checks to the Health Care Worker Registry, as required by the Health Care Worker Background Check Act (225 ILCS 46 *et. seq.*).

Heartland Specific Issues

While Heartland was generally in compliance with its grant agreements, the following issues were identified:

- Heartland's use of Crisis Services program funding did not comply with its grant agreement. Heartland received an \$85,790 grant for Crisis Services in FY08. The grant required that 80 percent of the funding (or \$68,632) be used for salaries and benefits. Based on Heartland's FY08 CFR, Heartland only spent \$58,679 on salaries and benefits allocated to the Crisis Services program, which is 68 percent of the grant amount.
- Heartland allocated \$145,492 in revenue to the Crisis Services program in FY08 (\$128,683 in DHS funding and \$16,809 from non-State revenue), but only reported \$82,507 allowable in expenses for the program. The excess revenue allocated to the Crisis Services program resulted from Heartland applying fee-for-service funding for the services it provided for this program. While DHS' method of funding forces mental health providers to allocate fee-for-services billings to its grant

programs, the grant agreement requires that the fee-for-service funding should not be submitted for the same services and activities funded by the grant.

- Based on a review of Heartland’s case notes, we determined that Heartland employees need to be more specific when documenting services provided to allow reviewers the ability to ensure entries are not duplicated.
- From a sample of expenditures from FY07 and FY08, Heartland allocated \$6,523 in expenses to State programs that were not necessary or related to Heartland providing its State funded program services as outlined in 89 Ill. Adm. Code 509.20, and Heartland did not have adequate documentation for a few of the purchases that were reviewed.

State Agency Monitoring Activities

The Mental Health Program Manual and grant agreement have very few monitoring requirements. Both contain a list of activities that the Department’s monitoring “may consist of”. However, none of the activities are required and nothing delineates the frequency of the reviews to be conducted. Although documented requirements for monitoring were limited, the Division of Mental Health provided documentation of numerous monitoring activities during fiscal years 2007 and 2008. From our review of the documentation provided by DMH, it appears that DMH was in frequent contact with Heartland and monitored the strike as necessary. According to a DMH official, Heartland was in compliance with all notifications and reporting requirements.

DHS’ Bureau of Accreditation, Licensure, and Certification (BALC) conducted a site visit from October 6 through October 9, 2008, of the CILAs and reviewed a sample of current client records on file. Heartland received two separate scores on the BALC Survey Report Form. Heartland received a 97 percent for the CILA portion and all three CILA sites were visited. Heartland scored 75 percent on the Medicaid Community Mental Health Services portion. According to a BALC official, these scores are average in comparison to providers similar to Heartland.

DHS’ Division of Alcoholism and Substance Abuse and Heartland exchanged numerous e-mails relating to the strike and Heartland’s ability to provide DASA services. The e-mails included a notice by Heartland on June 28, 2007 of the impending strike. The e-mail was from Heartland’s Executive Director and stated that she had been notified that the strike would begin on July 2, 2007 at 8:15am.

DASA performed a post-payment audit of Medicaid and grant/fee-for-service billings on June 16, 2008, for services provided during FY07. DASA also performed a post-payment audit of Heartland's Alcoholism and Substance Abuse Treatment and/or Intervention Services program(s) on November 1 and 2, 2007. This audit covered FY06 billings. DASA identified \$674 in billings subject to recoupment.

The Division of Rehabilitative Services' Procedures Manual requires monitoring of programs through monthly performance monitoring, site visits, billing reviews, and group billing reviews using random sampling. According to DRS officials, monthly performance monitoring is conducted by reviewing the Group Billing Sheets that are submitted by Heartland monthly. DHS provided a January 2007 Group Billing review in which the reviewer found that the services are well documented and noted that they had no concerns. A site visit was conducted in April 2008. However, since no services were provided and no funding was expended by Heartland, there was nothing to review.

DHS' Division of Community Health and Prevention (DCHP) monitors Heartland's Addiction Prevention Services by requiring Heartland to submit Annual Work Plans and Annual and Semi-Annual Evaluation Progress Reports and by requiring quarterly reporting of service data. In addition, DHS conducted a site visit of Heartland on November 13, 2007. The site visit had no findings and required no action by Heartland.

The Department of Public Health, the Department of Healthcare and Family Services (HFS), the Department of Children and Family Services (DCFS), and the Midland Area Agency on Aging (for the Department on Aging) all conducted monitoring of Heartland during the audit period.

IDPH provides Heartland Human Services with two annual contracts (Ryan White and Housing Opportunities for Persons with AIDS (HOPWA)) that are used for support services for persons and families with HIV disease. Based on our review, it appears that the strike had little effect on the IDPH programs. According to IDPH officials, IDPH was in contact with Heartland during the strike, and on March 13, 2008, IDPH conducted a site visit finding that files were 97 percent correct which was rated by IDPH as "Excellent."

Monitoring of HFS' Screening, Assessment & Support Services (SASS) program was conducted for both FY06 and FY07. On April 14, 2008, the FY07 SASS Program Review was conducted to assess Heartland's compliance with the requirements identified in the SASS Request for Proposal and the Handbook for Providers of Screening,

Assessment & Support Services. The review gave Heartland high marks in the areas of Administrative Compliance and Client Transfers; however, Heartland received low marks in areas of Clinical Record – Community Stabilization and Clinical Record – Hospital. Heartland received an aggregate score of 71.8 percent compliant. This was an improvement from the 56 percent level of compliance from the FY06 review.

DCFS had a Medicaid Implementation Review of Heartland done in 2007. The review contained suggestions for improvement for Heartland. The issues identified in the report appeared to be related to clearly documenting patient need based on the problems identified in the evaluation. Heartland noted a 2008 review was not conducted.

The November 2007 review was conducted by the Midland Area Agency on Aging, which passed on funding from the Department on Aging to Heartland. The only area identified in the review that Heartland needed to address was that a required Caregiver Assessment was not in the file for the GAP Filling Services case that was reviewed. Within a week, Heartland followed up with the client and the Assessment was completed. After the review, Midland's correspondence to Heartland commended them on the Caregiver program and noted that the files were in order and were easy to follow.

Audit testing was performed on randomly selected billings for IDPH, HFS, and DCFS. The IDPH files were reviewed for proof of client eligibility, and for verification of payee name, client number, and amount. For HFS SASS billings, we reviewed the client name, service date and case notes in Heartland's electronic case files against data provided by DHS to ensure the services were provided. We also tested for duplicate bills for both SASS and Physician Services billings. We reviewed Heartland's electronic client data to verify client name, service date, service duration, type of therapy and case notes for DCFS billings. No exceptions were noted for any billings tested.

BACKGROUND

House Resolution Number 1307 directs the Office of the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to Heartland Human Services under contracts or grant agreements in FY07 and FY08. The audit is to include:

1. the purposes for which State moneys were provided to Heartland Human Services, for each State agency and for each amount transferred;

2. the nature and extent of monitoring by State agencies of how Heartland Human Services used the State-provided moneys;
3. the actual use of State moneys by Heartland Human Services;
4. whether, through a review of available documentation, Heartland Human Services has met or is meeting the purposes for which State moneys were provided, with specific information concerning Heartland Human Services' staffing levels and its compensation of management employees; and
5. whether Heartland Human Services is in compliance with applicable laws, regulations, contracts, and grant agreements pertaining to Heartland's receipt of State moneys. (page 7)

HEARTLAND HUMAN SERVICES

Heartland Human Services is a non-profit corporation established in 1968 to provide mental health services and addiction treatment. Heartland Human Services is located in Effingham and consists of a main location where the administrative offices are located and where outpatient services are provided. Heartland also provides 24-hour residential services to adults suffering from mental illness at three CILAs. (pages 7, 8)

Labor Strike by Heartland Employees

In January 2006, some of Heartland's employees voted to join the American Federation of State, County and Municipal Employees. Heartland and AFSCME negotiated for more than a year before the Heartland employees went on strike on July 2, 2007. According to DHS officials, Heartland was compliant with providing DHS with notice of the strike. The strike had not been resolved as of the end of the audit.

Heartland and AFSCME negotiated for more than a year before the Heartland employees went on strike on July 2, 2007.

According to a Heartland official, the Heartland employees voted to join AFSCME after Heartland made changes to its personnel policies. The official noted that changes in personnel policies were made due to the State's decision to convert many of Heartland's funding sources from capacity grants to reimbursement by fee-for-service. Ultimately, Heartland increased the work week from 35 hours to 40 hours, informed employees that their productivity levels would be measured, and decreased their time-off package. (pages 8, 9)

Heartland's Staffing Levels

Since 16 of the 20 Residential Case Managers went on strike, Heartland placed all 20 CILA residents from its three facilities into other facilities, other CILAs, or with family. By the end of September 2007,

Heartland employed five Residential Case Managers and seven residents were moved back into the CILAs. As Heartland added additional staff, the CILA population increased to 19 by February 4, 2008. Therefore, Heartland’s CILA population was nearly back to the pre-strike level of 20 on February 4, 2008. The population that was moved back into the CILAs included 17 of the original 20 CILA residents that were moved due to the strike.

Digest Exhibit 1 shows the total number of filled positions at Heartland by month for the positions that went on strike in July 2007. (page 9)

Digest Exhibit 1 NUMBER OF FILLED POSITIONS BY MONTH IN POSITIONS THAT WENT ON STRIKE ON JULY 2, 2007														
Heartland Position Title	June 2007	July 2007	Aug. 2007	Sept. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008	March 2008	April 2008	May 2008	June 2008	July 2008
Residential Case Manager (16)	20	3	2	5	6	11	11	18	20	20	19	17	18	19
Case Manager (3)	3	0	0	2	2	3	4	4	4	4	4	3	3	2
Therapist (4)	4	0	1	2	2	2	2	2	2	3	3	3	3	3
Job Coach (2)	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Nurse Case Manager (1)	1	0	0	0	1	1	1	1	1	1	1	1	1	1
Day Treatment Coordinator (1)	1	0	0	0	0	1	1	1	1	1	1	1	1	0
Customer Service Rep (1)	2	1	1	1	1	1	1	2	2	2	2	2	2	2
Maintenance Specialist (1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Ryan White Case Manager (1)	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Outpatient Case Manager (1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Records Clerk (1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Addictions Counselor (2)	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Secretary (1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	40	5	5	11	13	20	21	29	31	32	31	28	29	28

Note: Numbers in parentheses indicate the number of employees with that position title that went on strike.
Source: Heartland Human Services.

Personnel Testing

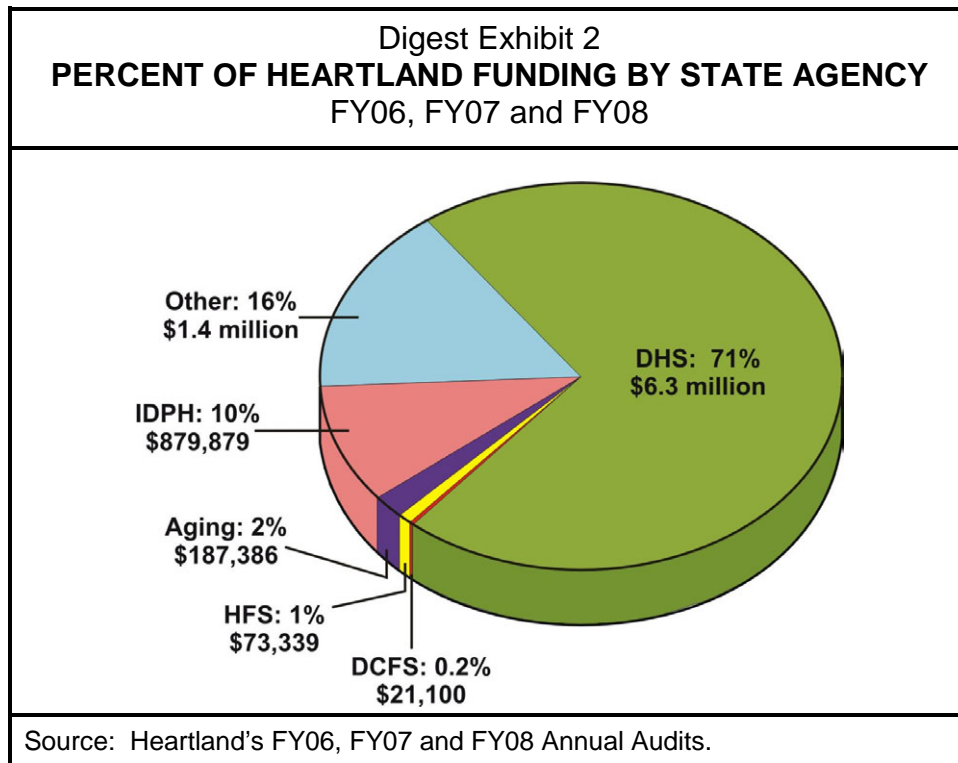
In FY08, Heartland hired a total of 39 employees. Many of them were to replace striking workers. We reviewed the personnel files for all 39 employees that were hired (between July 2007 and July 2008) after the strike began. Heartland Human Services hired 25 Residential Case Managers, which accounted for 64 percent of the new hires. Heartland’s personnel files were thorough and contained the appropriate documentation such as proof of a driver’s license and insurance,

Heartland’s personnel files were thorough and contained the appropriate documentation.

transcripts or diploma, background checks, position descriptions, interview notes, required trainings, and other required professional designations or certificates. Based on our review, all employees hired by Heartland Human Services after the strike met the educational and experience qualifications required by the position descriptions. (page 10)

PURPOSE OF STATE FUNDING PROVIDED

During fiscal years 2006, 2007, and 2008, Heartland’s total funding from all sources was \$8.9 million. As seen in Digest Exhibit 2, in fiscal years 2006, 2007, and 2008, Heartland received 84 percent (\$7.4 million) of its total funding from five State agencies: Human Services; Healthcare and Family Services; Children and Family Services; Aging; and Public Health. Not all of the funding was received through contracts or grants directly from State agencies. The Department on Aging provided funding to Heartland through the Midland Area Agency on Aging.



DHS funding accounted for 71 percent of Heartland’s total funding from fiscal years 2006, 2007, and 2008. IDPH provided Heartland 10 percent of its funding over the three year period. Heartland also received 16 percent of its funding from sources other than State agencies. (page 11)

DHS funding accounted for 71 percent of Heartland’s total funding from fiscal years 2006, 2007, and 2008.

Purpose of Department of Human Services Funding

DHS provides Heartland Human Services with funding to administer community based programs that provide disability and behavioral health services to residents of Effingham County. DHS administers one contract annually divided among four divisions:

Division of Mental Health: DMH provides funding to Heartland for outpatient counseling for people of all ages that includes individual, marital, family or group counseling. In addition, Heartland provides 24-hour residential care to adults suffering from persistent mental illness. Services provided include training in life skills, community integration, and medication management. In FY08, Heartland received funding for the following Mental Health programs: Client Transition Subsidy, Crisis Services, Gero-Psychiatric Services, CILA, Medicaid, Non-Medicaid, Psychiatric Medications, Psychiatric Services in MHC, SASS Flex, and Special Projects.

Division of Alcoholism and Substance Abuse: DASA administers and monitors funding to a network of community-based substance abuse treatment programs. These programs provide a full continuum of treatment including outpatient and residential programs for persons addicted to alcohol and other drugs. Persons with specialized needs such as pregnant women, women with children, and injecting drug users are given priority. Heartland's contract with DASA includes two programs: Global and a Special Project.

Division of Rehabilitative Services: DRS oversees programs serving persons with disabilities that include vocational training, home services, educational services, advocacy information and referral. Also provided are a variety of services for persons who are blind, visually impaired, deaf or hard of hearing. Heartland's contract with DRS includes both Supported and Extended Employment.

Division of Community Health and Prevention: DCHP provides Heartland with funding for Addiction Prevention Comprehensive. The goal of this program is to reduce alcohol, tobacco, and other drug use among Illinois youth. These measures target youth ages 10-17 or their families, schools, and communities. (pages 19-23)

Purpose of Department of Public Health Funding

The Illinois Department of Public Health provided Heartland Human Services with two annual contracts (Ryan White and Housing Opportunities for Persons with AIDS (HOPWA)) that were used for support services for persons and families with HIV disease. Heartland

Human Services acted as the lead agent for the Effingham County HIV Care Consortium. (pages 24, 25)

Purpose of Department of Healthcare and Family Services Funding

On a fee-for-service basis, the Department of Healthcare and Family Services funds Heartland through the Screening, Assessment and Support Services (SASS) program to conduct pre-admission psychiatric hospitalization screenings to children and youth who are at risk of inpatient psychiatric hospitalization in Effingham County. HFS also pays Heartland for physician services provided by the Medical Director. (page 25)

Purpose of Department of Children and Family Services Funding

Heartland Human Services receives funding to administer counseling to children and families who have open cases with DCFS and who are approved for referral by designated DCFS staff. The services include individual adult, child and adolescent counseling, marital counseling and group counseling. (page 26)

Purpose of Department on Aging Funding

Heartland receives funding for Caregiver Support Services and Gap Filling Services for Clay, Effingham, Fayette, Jefferson, and Marion counties. These services include information through local library resource centers, education, consultation, and outreach to family caregivers, assessments for caregiver respite, and caregiver support groups. Gap Filling Services provide funding for emergency situations to support caregivers for the purpose of maintaining older individuals in their homes. This includes funding for utilities, medications, and repairs to make homes accessible. (pages 26, 27)

PROGRAMS AFFECTED BY THE STRIKE AT HEARTLAND

Services affected by the strike at Heartland were programs provided by the Department of Human Services. The services provided for Aging, DCFS, and IDPH programs were not affected.

Heartland’s funding from DMH decreased from \$2,364,960 in FY07 to \$1,336,821 in FY08. DMH grant funding (excluding the fee-for-service funding) remained fairly constant between FY07 and FY08: \$664,686 and \$635,417, respectively. However, fee-for-service funding decreased significantly from \$1,700,074 in FY07 to \$701,404 in FY08,

primarily because Heartland was unable to provide certain services for a portion of FY08 due to the strike. Medicaid funding decreased from \$1,511,124 in FY07 to \$621,328 in FY08. Non-Medicaid funding decreased from \$188,950 in FY07 to \$80,076 in FY08. The combined reduction in Medicaid and Non-Medicaid in FY08 was \$998,670.

According to documentation provided by DHS, in September 2007, more than two months after the strike began, Heartland's Executive Director proposed to DMH that payments be "suspended" until Heartland caught up to where they would be meeting their goals. As a result of this request, the routine monthly funding for three programs (MH CILA, MH Medicaid, and MH Non-Medicaid) was stopped after the November 2007 payment. Therefore, Heartland received five months worth of full payments from DMH for these three programs even though very few services were being provided.

Once DMH stopped the payments to Heartland, Heartland and DMH worked together on a liquidation plan to determine how much additional funding Heartland would need to finish the year. As a result, DMH only funded \$1,336,821 of the FY08 contract that totaled \$2,333,619. This was a reduction of 43 percent from the original contract amount. (pages 11, 12, 36)

HEALTH CARE WORKER REGISTRY

The Health Care Worker Background Check Act (225 ILCS 46) states that the General Assembly finds that it is in the public interest to protect the most frail and disabled citizens of the State from possible harm through a criminal background check of the health care workers. The Act applies to all individuals employed or retained by a health care employer. The Act defines a community integrated living arrangement operated by a community mental health and developmental service agency as a health care employer.

We searched the Health Care Worker Registry for the names of all the CILA workers hired after the strike. We also searched the Registry for the Residential Coordinator over the CILAs. None of the Heartland staff working in the CILAs were listed on the Health Care Worker Registry as Heartland employees.

When questioned as to why none of Heartland's CILA staff were on the Registry, an IDPH official noted that IDPH does not require CILAs to submit copies of employee background checks to the Health Care Worker Registry due to an exception found at 225 ILCS 46/20(2) of the Health Care Worker Background Check Act (Act). Section 46/20(2)

IDPH does not require CILAs to submit copies of employee background checks to the Health Care Worker Registry.

excludes “an individual employed or retained by a health care employer for whom a criminal background check is required by another law of this State.” There is also an exception for individuals “licensed by the Department of Financial and Professional Regulation or the Department of Public Health under another law of this State,” which applies to some of Heartland’s other staff.

DHS was then questioned about the requirement to conduct background checks on CILA workers. According to a DHS official, there is not another State law that requires background checks on CILA workers. The DHS official noted that background checks for CILA workers are required by the Health Care Worker Background Check Act (225 ILCS 46), **which is not a different State law** as claimed by IDPH. Additionally, DHS Instructions for CILA/DT Providers require that Personal Support Workers’ names **be added** to the Illinois Health Care Worker Registry.

According to Heartland, Heartland was told that IDPH was not ready to receive the background check information. Currently, Heartland Human Services’ workers are not being added to the Registry as required. Since IDPH is not requiring any CILA providers to report to the Registry, this is a statewide issue as well. We recommend that DHS and IDPH work together to ensure that mental health workers in Illinois are reported to the Health Care Worker Registry as required by State law. (pages 13, 14)

ILLINOIS DEPARTMENT OF HUMAN SERVICES

DHS provides Heartland with funding to administer community based programs that provide disability and behavioral health services to residents of Effingham County. DHS administers one contract annually divided among four divisions: Mental Health; Alcoholism and Substance Abuse; Rehabilitative Services; and Community Health and Prevention.

Division of Mental Health

DHS continues to work toward converting funding provided to mental health providers from a grant based system to a fee-for-service basis. The conversion that began in FY05 was not completed by the end of this audit. The agreement between DHS and Heartland lists the method of payment as “Grants” for all 10 mental health programs funded by DHS in FY08. For the 10 mental health programs funded in FY08:

- 8 capacity grant programs provided advance funding to Heartland which is primarily to be used for **expenses**, such as

The fee-for-service conversion that began in FY05 was not completed by the end of this audit.

payroll, facility expenses, etc. Most grants have requirements on how such funds are to be used – such as 80 percent of the grant must go toward personnel costs; and

- 2 grant programs (Medicaid and Non-Medicaid) are treated as “fee-for-service” programs by DHS. Funds are advanced to Heartland for these two programs, and Heartland is required to submit bills on at least a monthly basis for billable **services** funded by the Medicaid and Non-Medicaid contract amounts. However, even though Heartland submits bills to DHS for the fee-for-services it provides, Heartland is not reimbursed or funded based on these billings. Rather, due to the reconciliation method used by DHS, which is discussed later, DHS has generally been allowing providers to retain any excess Medicaid funding which may not be supported by billings.

DHS officials stated that many of the Statewide issues discussed below are the result of the Department’s attempt to comply with the provisions of the FY05 Memorandum of Understanding (MOU) which affected how mental health providers were funded. Officials noted that since the MOU allowed Medicaid funds to be used to supplement funding of capacity grant programs, their ability to monitor and reconcile capacity grants was impacted. (pages 33-38)

Fiscal Reporting

DHS does not require Heartland to allocate expenses directly to each mental health program specified in its agreement. As a result, it is not possible to determine whether expenses are being allocated to the DHS capacity grant, Medicaid, or Non-Medicaid portion of Heartland’s funding. Heartland’s Medicaid, Non-Medicaid, and grant funds are lumped together to fund the mental health services it provides. This commingling of funding types, along with the limitations in DHS reporting requirements, makes it very difficult to track and account for the funding received by providers.

Based on our review of Heartland’s Consolidated Financial Report (CFR) and audit, we identified several issues related to Heartland’s use of its DHS funding. These included:

- Even though expenses are not allocated to specific funding sources, which makes it difficult to determine whether Heartland is in compliance with grant requirements, we determined that Heartland’s use of Crisis Services program funding did not comply with its grant agreement.

- Heartland allocated \$145,492 in revenue to the Crisis Services program in FY08 (\$128,683 in DHS funding and \$16,809 from non-State revenue), but reported only \$93,779 in expenses for the program of which only \$82,507 was allowable.
- In FY08 several of Heartland's programs (Client Transition Subsidy, Psychiatric Medications, and SASS Flex) had expenditures that were less than the grant funds received. In these instances, Heartland was able to keep the funding due to DHS' reconciliation process that has been used since FY05.

Based on our discussions with Heartland, as well as DHS officials, much of the difficulty in tracking and reporting the use of funding from DHS relates to the way the Medicaid and Non-Medicaid funding is allocated. In the funding agreement with Heartland, the Medicaid and Non-Medicaid funds are a specific grant program. Specifically at Heartland, the Medicaid and Non-Medicaid grant funds are used to support services such as Outpatient, Child and Adolescent Outpatient, Case Management, and Psychosocial Rehabilitation. These programs are not funded by any specific capacity grant by DHS.

Since financial reporting to DHS was not done by the program titles that were listed in the grant agreement, it is not possible for DHS to determine whether Heartland met performance and allowable cost requirements by program as required by the grant agreement. In order to determine how DHS monitors compliance with contracts and grant agreements, DHS was asked how they determine what is spent by program. A DHS official agreed that it is not possible to track spending by program. This appears to be a Statewide issue and is something that is not being monitored adequately by DHS. (pages 39-42)

Capacity Grant Expenditures

DHS does not require mental health providers to submit expenditure reports that document how grant funds were expended. As a result, DHS does not have any specific support for how the grant funds were expended. For example, many of the grants require that at least 80 percent of the grant funding shall be used to support salaries and benefits. Without these grant activity reports, it is unclear how DHS monitors this requirement. (page 42)

DHS does not require mental health providers to submit expenditure reports that document how grant funds were expended.

Heartland's Case Notes

Although DHS does not reimburse Heartland for individual DMH services provided, Heartland maintains documentation on individual services provided and submits it to DHS. We determined that Heartland employees need to be more specific when documenting services provided in the case notes. (pages 42, 43)

DHS MONITORING

House Resolution Number 1307 directed the Auditor General to examine the nature and extent of State agencies' monitoring of Heartland's use of State funds.

DMH Monitoring

The Mental Health Program Manual and grant agreement have very few monitoring requirements. Both contain a list of activities that the Department's monitoring "may consist of." However, none of the activities are required and nothing delineates the frequency of the reviews to be conducted.

Although documented requirements for monitoring were limited, DMH provided documentation of numerous monitoring activities during fiscal years 2007 and 2008. From our review of the documentation provided by DMH, it appears the DMH was in frequent contact with Heartland and monitored the strike as necessary. According to a DMH official, Heartland was in compliance with all notifications and reporting requirements.

DMH was in frequent contact with Heartland and monitored the strike as necessary.

DMH had contact with Heartland on several occasions after the strike began. According to a DMH official, a meeting was held with Heartland's Executive Director on August 13, 2007. Additionally, site visits were conducted on October 3, 2007 and December 10, 2007.

A Post Payment Review was conducted on October 6, 2008, covering the time period of October 19, 2007 to June 11, 2008. Heartland scored a 22 percent out of 100 percent on the Post Payment Review. According to DHS officials, this score is at the higher end of scores received by similar providers. According to DHS, DHS/DMH evaluated the Post Payment Review policies and procedures and made changes to the process. As a result, Heartland's score was revised to 73 percent.

A Clinical Practice Review was conducted on October 8, 2008, covering the time period of October 1, 2007 to September 30, 2008. The

review is considered to be a guiding and shaping practice tool used by DHS for the providers. This review of Heartland found numerous issues with Individual Treatment Plans. The issues tested included if the ITP is individualized to the consumer, is consumer driven, and if there is documentation that the provider is assisting the consumer with moving him/her away from the provider as his/her primary support system and toward natural supports in the community. DHS officials said that Heartland scored average in comparison to other similar providers. (pages 44-46)

Monitoring Conducted by the Office of Contract Administration

Due to the way DHS' Office of Contract Administration reconciles the funding DHS provided to mental health providers, providers such as Heartland have been allowed to keep mental health funding that was not reported as expended. DHS officials stated that the method of reconciliation used by the Department is due to its attempt to comply with the provisions of the FY05 MOU.

Since FY05, the Department of Human Services/Division of Mental Health has been working on converting mental health providers from being funded through grants to being funded by fee-for-service. Although DHS/DMH has been working on the conversion since FY05, the conversion has not been implemented as of the end of the audit. As a result of the planned conversion in FY05, DHS/DMH has not required mental health providers to reconcile total eligible expenses by program as required by 89 Ill. Adm. Code 511.10(a) or as required by the FY08 grant agreement.

Calculation of Interest on DMH Funding

Heartland's FY07 reconciliation documentation provided by DHS' Office of Contract Administration did not show that Heartland earned any interest on the \$2,364,960 in funding received for mental health programs. The Grant Funds Recovery Act requires that interest earned on grant funds held by a grantee shall become part of the grant principal. Since DMH funding in FY07 was 71 percent of Heartland's total funding, it would be expected that a portion of the \$65,018 of interest earned would be from DMH funds. (pages 46-48)

Alcoholism and Substance Abuse Monitoring

DASA monitors earnings for the Global program by requiring Heartland to submit information for the services it provides on a monthly basis. DASA performed a post-payment audit of Medicaid and grant/fee-for-service billings on June 16, 2008 for services provided during FY07.

Due to the way DHS' Office of Contract Administration reconciles the funding DHS provided to mental health providers, providers such as Heartland have been allowed to keep mental health funding that was not reported as expended.

No recoupable deficiencies were identified during the audit. DASA also performed a post-payment audit of Heartland's Alcoholism and Substance Abuse Treatment and/or Intervention Services program(s) on November 1 and 2, 2007. This audit covered FY06 billings. DASA identified \$674 in billings subject to recoupment. DASA conducted a site visit on July 21, 2008. The report included a narrative detailing deficiencies along with an overall score. Heartland received a score of 89 percent, which according to DASA officials is very good. (pages 50-51)

Rehabilitative Services Monitoring

The employees that administer the Supported and Extended Employment programs went on strike on July 2, 2007, and as a result, in FY08, Heartland Human Services did not provide any Division of Rehabilitative Services' Supported or Extended Employment program services.

DHS monitors expenditures for the Supported Employment and Extended Employment programs by requiring Heartland to submit information for the services it provides on a monthly basis. These Group Billing Sheets are provided in hard copy and list the name of the client and the number of service units provided. The sheets are submitted monthly for each program.

In FY07, Heartland received \$50,389 from DRS for the Supported Employment program. Heartland submitted billings totaling \$46,682. After reconciliation, Heartland returned \$3,707. In FY08, Heartland received \$31,690 in advance payments from DRS. These payments were received in August and October 2007. Heartland did not provide any supported employment services in FY08, and after reconciliation repaid the \$31,690 on July 10, 2008. DRS did not require Heartland to calculate interest earned on the \$31,690 in advance funds that it held for more than nine months; as a result no interest was repaid to DRS. (pages 52, 53)

Division of Community Health and Prevention Monitoring

DHS monitors Heartland's Addiction Prevention Services by requiring Heartland to submit Annual Work Plans, Annual and Semi-Annual Evaluation Progress Reports, and by requiring quarterly reporting of service data. All required monitoring reports were provided and appeared to be completed and submitted to DHS. In addition, DHS conducted a site visit of Heartland on November 13, 2007. The site visit had no findings and required no action by Heartland. (pages 55, 56)

OTHER STATE AGENCY MONITORING

Public Health Monitoring

According to IDPH officials, IDPH was in contact with Heartland during the strike, and on March 13, 2008, IDPH conducted a site visit finding that files were 97 percent correct which, was rated by IDPH as “Excellent.” (pages 60-62)

Healthcare and Family Services’ Monitoring

Monitoring of HFS’ Screening, Assessment & Support Services (SASS) program was conducted for both FY06 and FY07. On April 14, 2008, the FY07 SASS Program Review was conducted to assess Heartland’s compliance with the requirements identified in the SASS Request for Proposal and the Handbook for Providers of Screening, Assessment & Support Services. The review gave Heartland high marks in the areas of Administrative Compliance and Client Transfers; however, Heartland received low marks in areas of Clinical Record – Community Stabilization and Clinical Record – Hospital. Heartland received an aggregate score of 71.8 percent compliant. This was an improvement from the 56 percent level of compliance from the FY06 review. (pages 62-64)

Children and Family Services’ Monitoring

Monitoring conducted included Monthly Medicaid/Non-Medicaid billing reports, quarterly program and contact reviews, a Contract Monitoring Summary Report from a review conducted on April 4, 2006, and a Medicaid Implementation Review conducted in January 2007.

The Contract Monitoring Summary Report from April 2006 found that Heartland was at 100 percent compliance and required no corrective action plan. The FY07 Medicaid Implementation Review contained suggestions for improvement for Heartland. The issues identified in the report appeared to be related to clearly documenting patient need based on the evaluation of the problems that the patient presented with. (pages 64, 65)


Monitoring of Aging Funding Conducted by Midland

The November 2007 review was conducted by the Midland Area Agency on Aging, which passed on funding from the Department on Aging. The only area identified in the review that Heartland needed to address was that a required Caregiver Assessment was not in the file for the GAP Filling Services case that was reviewed. Within a week, Heartland followed up with the client and the Assessment was completed.

After the review, Midland's correspondence to Heartland commended them on the Caregiver program and noted that the files were in order and were easy to follow. (pages 66, 67)

RECOMMENDATIONS

The audit report contains 7 recommendations. Three recommendations were specifically for Heartland Human Services. Three recommendations were specifically for the Department of Human Services. One recommendation was for both the Department of Human Services and the Department of Public Health. Heartland, the Department of Human Services, and the Department of Public Health agreed with the recommendations. Appendix E to the audit report contains the agency responses.



WILLIAM G. HOLLAND
Auditor General

WGH\SAW

May 2009

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Chapter One

INTRODUCTION AND BACKGROUND

REPORT CONCLUSIONS

Heartland Human Services (Heartland) is a non-profit corporation located in Effingham. Heartland provides outpatient services and provides 24-hour residential services to adults suffering from mental illness at three community integrated living arrangements (CILAs). In January 2006, some of Heartland's employees voted to join the American Federation of State, County and Municipal Employees (AFSCME). On July 2, 2007, 35 of Heartland's employees went on strike. Shortly after the strike began, Heartland began to hire new staff to operate some of its programs. The strike had not been resolved by the end of the audit.

We reviewed the personnel files for all 39 employees that were hired (between July 2007 and July 2008) after the strike began. Heartland's personnel files were thorough, and contained the appropriate documentation such as proof of a driver's license and insurance, transcripts or diploma, background checks, position descriptions, interview notes, required trainings, and other required professional designations or certificates. Based on our review, all employees hired by Heartland Human Services after the strike began met the educational and experience qualifications required by the position descriptions.

During FY06, FY07, and FY08, State agencies provided \$7.4 million in funding to Heartland Human Services. The majority of the State funds provided to Heartland, \$6.3 million, were provided by the Department of Human Services (DHS) mainly from the Division of Mental Health to administer community based programs.

The program areas affected by the strike at Heartland were those funded by DHS' Division of Mental Health (DMH), Division of Alcoholism and Substance Abuse (DASA), and Division of Rehabilitative Services (DRS). Heartland provides outpatient counseling for people of all ages that includes individual, marital, family or group counseling. In addition, Heartland provides 24-hour residential care to adults suffering from persistent mental illness. Services provided include training in life skills, community integration, and medication management.

Heartland's funding from DMH decreased from \$2,364,960 in FY07 to \$1,336,821 in FY08. DHS' mental health grant funding for Heartland (excluding the fee-for-service funding) remained fairly constant between FY07 and FY08: \$664,686 and \$635,417, respectively. However, fee-for-service funding decreased significantly from \$1,700,074 in FY07 to \$701,404 in FY08, primarily because Heartland was unable to provide certain services for a portion of FY08 due to the strike. Medicaid funding decreased from \$1,511,124 in FY07 to \$621,328 in FY08. Non-Medicaid funding decreased from \$188,950 in FY07 to \$80,076 in FY08. The combined reduction in Medicaid and Non-Medicaid in FY08 was \$998,670.

Funding from DASA decreased from \$143,142 in FY07 to \$10,730 in FY08. DASA administers and monitors funding to a network of community-based substance abuse treatment programs. These programs provide a full continuum of treatment including outpatient and residential programs for persons addicted to alcohol and other drugs. Persons with specialized needs such as pregnant women, women with children, and injecting drug users are given priority. Heartland's contract with DASA includes two programs: Global and a Special Project. The Global program was affected significantly by the strike.

Funding from DRS decreased from \$74,569 in FY07 to \$0 in FY08. DRS oversees programs serving persons with disabilities that include vocational training, home services, educational services, advocacy information and referral. Also provided are a variety of services for persons who are blind, visually impaired, deaf or hard of hearing. Due to the strike, there were no supported employment services provided during FY08.

DHS continues to work toward converting funding provided to mental health providers from a grant based system to a fee-for-service basis. The conversion that began in FY05 was not completed by the end of this audit. The agreement between DHS and Heartland lists the method of payment as "Grants" for all 10 mental health programs funded by DHS in FY08. For the 10 mental health programs funded in FY08:

- 8 capacity grant programs provided advance funding to Heartland which is primarily to be used for **expenses**, such as payroll, facility expenses, etc. Most grants have requirements on how such funds are to be used – such as 80 percent of the grant must go toward personnel costs; and
- 2 grant programs (MH Medicaid and MH Non-Medicaid) are treated as "fee-for-service" programs by DHS. Funds are advanced to Heartland for these two programs, and Heartland is required to submit bills on at least a monthly basis for billable **services** funded by the Medicaid and Non-Medicaid contract amounts. However, even though Heartland submits bills to DHS for the services it provides, Heartland is not reimbursed or funded based on these billings. Rather, due to the reconciliation method used by DHS, which is discussed later, DHS has generally been allowing providers to retain any excess Medicaid funding which may not be supported by billings.

Statewide Issues

During our review of Heartland's use of State funds, as well as the State's monitoring of Heartland's use of such funds, we identified several **Statewide** issues. These issues not only impact Heartland, but likely impact other DHS providers as well. These issues not only result in noncompliance with administrative rules and grant agreements with providers, but also limit DHS' oversight, as well as the transparency, of the providers' use of State funds. DHS officials stated that many of the Statewide issues discussed below are the result of the Department's attempt to comply with the provisions of an FY05 Memorandum of Understanding which is discussed in Chapter Three.

1. DHS did not provide adequate guidance to providers in order to complete their Consolidated Financial Reports (CFR).

Due to a lack of guidance by DHS, Heartland did not allocate expenses directly to **each** mental health program specified in its agreement. As a result, it is not possible to determine whether expenses are being allocated to the DHS capacity grant, Medicaid, or Non-Medicaid portion of Heartland's funding. Heartland's Medicaid, Non-Medicaid and grant funds are lumped together to fund the mental health services it provides. This commingling of funding types, along with the limitations in DHS reporting requirements, makes it difficult to track and account for the funding received by providers.

Based on our discussions with Heartland, as well as DHS officials, much of the difficulty in tracking and reporting the use of funding from DHS relates to the way the Medicaid and Non-Medicaid funding is allocated. DHS allows providers to use Medicaid and Non-Medicaid funding not only for the specific Medicaid and Non-Medicaid grant program, but also to pay for services provided in other capacity grant programs, such as CILA or Crisis Services. In FY08, Heartland allocated Medicaid and Non-Medicaid grant funds among four of its DHS grant programs (Crisis Services, MH CILA, Gero-Psychiatric Services, and Medicaid/Non-Medicaid) based on the actual services it provided.

Since DHS does not require mental health providers to submit expenditure reports that document how grant funds were expended, DHS does not have any specific support for how the grant funds were expended. For example, many of the grants require that at least 80 percent of the grant shall be used to support salaries and benefits. Without these grant activity reports, it is unclear how DHS monitors this requirement.

Since financial reporting to DHS was not done by the program titles that were listed in the grant agreement, it is not possible for DHS to determine whether Heartland met performance and allowable cost requirements by program as required by the grant agreement. In order to determine how DHS monitors compliance with contracts and grant agreements, DHS was asked how it determines what is spent by program. A DHS official agreed that it is not possible to track spending by program. This appears to be a Statewide issue and is something that is not being monitored adequately by DHS.

2. Due to the way DHS reconciles mental health grant funding, providers have been allowed to keep funding for programs that was not reported as expended.

Due to the way DHS' Office of Contract Administration reconciles the funding DHS provided to mental health providers, providers such as Heartland have been allowed to keep mental health funding that was not reported as expended. Since FY05, DHS' reconciling of funding provided to mental health providers has not met the requirements of the Illinois Administrative Code or the grant agreements. Additionally, DHS continues to reconcile based on special instructions that were used for completing the FY05 grant report. Since FY05, the Department of Human Services/Division of Mental Health has been working on converting mental health providers from being funded through grants to being funded by fee-for-service. Although DHS/DMH has been working on the conversion since FY05, the conversion has not been implemented as of the end of the audit.

As a result, in FY08 several of Heartland’s programs (Client Transition Subsidy, Psychiatric Medications, and SASS Flex) had expenditures that were less than the grant funds received. In these instances, Heartland was able to keep the funding due to DHS’ reconciliation process that has been used since FY05.

In the time period between fiscal years 2005 through 2007, Heartland had “unearned income” from State moneys totaling \$490,883. While it is clearly not the intent of DHS to recoup all of the “unearned income” providers have realized as a result of the conversion to fee-for-service funding, this method of reconciliation may be resulting in providers retaining funding which is truly excess, and which has not been spent in accordance with the grant agreement, and which should be returned to the State.

3. DHS did not ensure that mental health providers were reporting interest earned on its grants.

Heartland’s FY07 and FY08 reconciliation documentation provided by DHS’ Office of Contract Administration did not show that Heartland earned any interest on the \$3,701,781 in funding received for mental health programs over the two year period. The Grant Funds Recovery Act requires that interest earned on grant funds held by a grantee shall become part of the grant principal. Additionally, DASA and DRS did not require Heartland to calculate interest earned and repay interest earned on unspent advance funds.

4. The Illinois Department of Public Health and DHS did not require reporting to the Health Care Worker Registry.

During our review of Heartland, we determined that the Illinois Department of Public Health (IDPH) does not require community integrated living arrangements licensed by DHS to report the results of background checks to the Health Care Worker Registry, as required by the Health Care Worker Background Check Act (225 ILCS 46 *et. seq.*).

Heartland Specific Issues

While Heartland was generally in compliance with its grant agreements, the following issues were identified:

- Heartland’s use of Crisis Services program funding did not comply with its grant agreement. Heartland received an \$85,790 grant for Crisis Services in FY08. The grant required that 80 percent of the funding (or \$68,632) be used for salaries and benefits. Based on Heartland’s FY08 CFR, Heartland only spent \$58,679 on salaries and benefits allocated to the Crisis Services program, which is 68 percent of the grant amount.
- Heartland allocated \$145,492 in revenue to the Crisis Services program in FY08 (\$128,683 in DHS funding and \$16,809 from non-State revenue), but only reported \$82,507 allowable in expenses for the program. The excess revenue allocated to the Crisis Services program resulted from Heartland applying fee-for-service funding for the services it provided for this program. While DHS’ method of funding forces mental health providers to allocate fee-for-services billings to its

grant programs, the grant agreement requires that the fee-for-service funding should not be submitted to the same services and activities funded by the grant.

- Based on a review of Heartland's case notes, we determined that Heartland employees need to be more specific when documenting services provided to allow reviewers the ability to ensure entries are not duplicated.
- From a sample of expenditures from FY07 and FY08, Heartland allocated \$6,523 in expenses to State programs that were not necessary or related to Heartland providing its State funded program services as outlined in 89 Ill. Adm. Code 509.20, and Heartland did not have adequate documentation for a few of the purchases that were reviewed.

State Agency Monitoring

The Mental Health Program Manual and grant agreement have very few monitoring requirements. Both contain a list of activities that the Department's monitoring "may consist of." However, none of the activities are required and nothing delineates the frequency of the reviews to be conducted. Although documented requirements for monitoring were limited, the Division of Mental Health (DMH) provided documentation of numerous monitoring activities during fiscal years 2007 and 2008. From our review of the documentation provided by DMH, it appears that DMH was in frequent contact with Heartland and monitored the strike as necessary. According to a DMH official, Heartland was in compliance with all notifications and reporting requirements.

DHS' Bureau of Accreditation, Licensure, and Certification (BALC) conducted a site visit from October 6 through October 9, 2008, of the CILAs and a sample of current client records on file. Heartland received two separate scores on the BALC Survey Report Form. Heartland received a 97 percent for the CILA portion and all three CILA sites were visited. Heartland scored 75 percent on the Medicaid Community Mental Health Services portion. According to a BALC official, these scores are average in comparison to providers similar to Heartland.

DHS' Division of Alcoholism and Substance Abuse (DASA) and Heartland exchanged numerous e-mails relating to the strike and Heartland's ability to provide DASA services. The e-mails included a notice by Heartland on June 28, 2007, of the impending strike. The e-mail was from Heartland's Executive Director and stated that she had been notified that the strike would begin on July 2, 2007, at 8:15am.

DASA performed a post-payment audit of Medicaid and grant/fee-for-service billings on June 16, 2008, for services provided during FY07. DASA also performed a post-payment audit of Heartland's Alcoholism and Substance Abuse Treatment and/or Intervention Services program(s) on November 1 and 2, 2007. This audit covered FY06 billings. DASA identified \$674 in billings subject to recoupment.

The Division of Rehabilitative Services' (DRS) Procedures Manual requires monitoring of programs through monthly performance monitoring, site visits, billing reviews, and group

billing reviews using random sampling. According to DRS officials, monthly performance monitoring is conducted by reviewing the Group Billing Sheets that are submitted by Heartland monthly. DHS provided a January 2007 Group Billing review in which the reviewer found that the services are well documented and noted no concerns. A site visit was conducted in April 2008. However, since no services were provided and no funding was expended by Heartland, there was nothing to review.

DHS' Division of Community Health and Prevention monitors Heartland's Addiction Prevention Services by requiring Heartland to submit Annual Work Plans and Annual and Semi-Annual Evaluation Progress Reports and by requiring quarterly reporting of service data. In addition, DHS conducted a site visit of Heartland on November 13, 2007. The site visit had no findings and required no action by Heartland.

The Department of Public Health (IDPH), the Department of Healthcare and Family Services (HFS), the Department of Children and Family Services (DCFS), and the Midland Area Agency on Aging (for the Department on Aging) all conducted monitoring of Heartland during the audit period.

IDPH provides Heartland Human Services with two annual contracts (Ryan White and Housing Opportunities for Persons with AIDS (HOPWA)) that are used for support services for persons and families with HIV disease. Based on our review, it appears that the strike had little effect on the IDPH programs. According to IDPH officials, they were in contact with Heartland during the strike, and on March 13, 2008, IDPH conducted a site visit, finding that files were 97 percent correct which was rated by IDPH as "Excellent."

Monitoring of HFS' Screening, Assessment & Support Services (SASS) program was conducted for both FY06 and FY07. On April 14, 2008, the FY07 SASS Program Review was conducted to assess Heartland's compliance with the requirements identified in the SASS Request for Proposal and the Handbook for Providers of Screening, Assessment & Support Services. The review gave Heartland high marks in the areas of Administrative Compliance and Client Transfers; however, Heartland received low marks in areas of Clinical Record – Community Stabilization and Clinical Record – Hospital. Heartland received an aggregate score of 71.8 percent compliant. This was an improvement from the 56 percent level of compliance from the FY06 review.

We requested the Medicaid Implementation Reviews from DCFS and were told by a DCFS official that the reviews were never done. However, when we contacted Heartland and requested the reviews, Heartland provided a copy of the January 2007 review it received from DCFS. Heartland noted the 2008 review was not conducted. The Infant-Parent Institute, Inc. conducted the 2007 review for DCFS. The review contained suggestions for improvement for Heartland. The issues identified in the report appeared to be related to clearly documenting patient need based on the problems identified in the evaluation.

The November 2007 review was conducted by the Midland Area Agency on Aging, which passed on funding from the Department on Aging. The review found that Heartland only had one area to be addressed. The only area identified in the review that Heartland needed to address was that a required Caregiver Assessment was not in the file for the GAP Filling

Services case that was reviewed. Within a week, Heartland followed up with the client and the Assessment was completed. After the review, Midland's correspondence to Heartland commended them on the Caregiver program and noted that the files were in order and were easy to follow.

Audit testing was performed on randomly selected billings for IDPH, HFS, and DCFS. The IDPH files were reviewed for proof of client eligibility, and for verification of payee name, client number, and amount. For HFS SASS billings, we reviewed the client name, service date and case notes in Heartland's electronic case files against data provided by DHS to ensure the services were provided. We also tested for duplicate bills for both SASS and Physician Services billings. We reviewed Heartland's electronic client data to verify client name, service date, service duration, type of therapy and case notes for DCFS billings. No exceptions were noted for any billings tested.

BACKGROUND

House Resolution Number 1307 directs the Office of the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to Heartland Human Services under contracts or grant agreements in FY07 and FY08. The audit is to include:

1. the purposes for which State moneys were provided to Heartland Human Services, for each State agency and for each amount transferred;
2. the nature and extent of monitoring by State agencies of how Heartland Human Services used the State-provided moneys;
3. the actual use of State moneys by Heartland Human Services;
4. whether, through a review of available documentation, Heartland Human Services has met or is meeting the purposes for which State moneys were provided, with specific information concerning Heartland Human Services' staffing levels and its compensation of management employees; and
5. whether Heartland Human Services is in compliance with applicable laws, regulations, contracts, and grant agreements pertaining to Heartland's receipt of State moneys.

HEARTLAND HUMAN SERVICES

Heartland Human Services is a non-profit corporation established in 1968 to provide mental health services and addiction treatment. Heartland Human Services is located in Effingham and consists of a main location where the administrative offices are located and where outpatient services are provided. Heartland has a nine member Board of Directors (two were vacant during the audit period) that meets regularly and is active in decision making and in the monitoring of Heartland's operations.

Heartland also provides 24-hour residential services to adults suffering from mental illness at three community integrated living arrangements (CILAs). Two of Heartland’s CILA buildings are located within 800 feet of each other which is not allowed by 59 Ill. Adm. Code 115.310(c); however, Heartland has a waiver from DHS which allows for the close proximity of the two buildings.

Labor Strike by Heartland Employees

In January 2006, some of Heartland’s employees voted to join the American Federation of State, County and Municipal Employees (AFSCME). Heartland and AFSCME negotiated for more than a year before the Heartland employees went on strike on July 2, 2007. The strike had not been resolved as of the end of the audit.

According to a Heartland official, the Heartland employees voted to join AFSCME after Heartland made changes to its personnel policies. The official noted that changes in personnel policies were made due to the State’s decision to convert many of Heartland’s funding sources from capacity grants to reimbursement by fee-for-service. As a result of the plan to convert to fee-for-service, Heartland began looking at ways to increase productivity. Ultimately, Heartland increased the work week from 35 hours to 40 hours, informed employees that their productivity levels would be measured, and decreased their time-off package.

After providing Heartland with a 10 day notice, 35 of Heartland’s 54 employees went on strike on July 2, 2007. According to DHS officials, Heartland was compliant with providing DHS with notice of the strike. The striking employees included: Residential Case Managers and various other types of Case Managers, Therapists, Job Coaches, Addictions Counselors, the Day Treatment Coordinator, a Customer Service Rep, the Maintenance Specialist, the Records Clerk,

Exhibit 1-1 HEARTLAND EMPLOYEES AFFECTED BY THE JULY 2, 2007 STRIKE		
Heartland Position Title	Positions Prior to the Strike	Positions that went on Strike
Executive Director	1	-
Dir. of Operations	1	-
Dir. of Business Services	1	-
Administrative Assistant	1	-
Residential Coordinator	1	-
Residential Case Manager	20	16
CIS Program Director	1	-
Case Manager	3	3
Therapist	4	4
Job Coach	2	2
Nurse Case Manager	1	1
Day Treatment Coordinator	1	1
Billing Supervisor	1	-
Client Account Rep	1	-
Customer Service Rep	2	1
Maintenance Coordinator	1	-
Maintenance Specialist	1	1
Project Director	1	-
Project Dir., Ryan White	1	-
Ryan White Case Manager	1	1
Outpatient Program Director	1	-
Prevention Coordinator	1	-
Outpatient Case Manager	1	1
Records Clerk	1	1
Addictions Counselor	2	2
Secretary	1	1
Medical Director	1	-
Total	54	35
Source: Heartland Human Services.		

and the Secretary. Exhibit 1-1 shows the titles of the 54 employees prior to the strike and the number of employees in each position that went on strike.

Heartland's Staffing Levels

Prior to the strike, there were 54 employees at Heartland Human Services. Of the 54, 20 were Residential Case Managers that operated the CILAs 24 hours per day. Heartland was given a 10 day notice that 16 of the 20 Residential Case Managers were going on strike. Heartland placed all 20 CILA residents from its three facilities into other facilities, other CILAs, or with family.

By the end of September 2007, Heartland employed five Residential Case Managers and seven residents were moved back into its CILAs. Heartland employed a total of 11 Residential Case Managers by the end of December 2007 and a total of 20 by the end of February 2008. The CILA population increased to 16 by the end of December 2007 and to 19 by February 4, 2008. Therefore, Heartland's CILA population was nearly back to the pre-strike level of 20 on February 4, 2008. The population that was moved back into the CILAs included 17 of the original 20 CILA residents that were moved due to the strike. Exhibit 1-2 shows the total number of filled positions at Heartland by month for the positions that went on strike in July 2007.

Exhibit 1-2 NUMBER OF FILLED POSITIONS BY MONTH IN POSITIONS THAT WENT ON STRIKE ON JULY 2, 2007														
Heartland Position Title	June 2007	July 2007	Aug. 2007	Sept. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008	March 2008	April 2008	May 2008	June 2008	July 2008
Residential Case Manager (16)	20	3	2	5	6	11	11	18	20	20	19	17	18	19
Case Manager (3)	3	0	0	2	2	3	4	4	4	4	4	3	3	2
Therapist (4)	4	0	1	2	2	2	2	2	2	3	3	3	3	3
Job Coach (2)	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Nurse Case Manager (1)	1	0	0	0	1	1	1	1	1	1	1	1	1	1
Day Treatment Coordinator (1)	1	0	0	0	0	1	1	1	1	1	1	1	1	0
Customer Service Rep (1)	2	1	1	1	1	1	1	2	2	2	2	2	2	2
Maintenance Specialist (1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Ryan White Case Manager (1)	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Outpatient Case Manager (1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Records Clerk (1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Addictions Counselor (2)	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Secretary (1)	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	40	5	5	11	13	20	21	29	31	32	31	28	29	28

Note: Numbers in parentheses indicate the number of employees with that position title that went on strike.
Source: Heartland Human Services.

Personnel Testing

In FY08, Heartland Human Services hired a total of 39 employees. Many of them were to replace striking workers. We reviewed the personnel files for all 39 employees that were hired (between July 2007 and July 2008) after the strike began. Heartland Human Services hired 25 Residential Case Managers, which accounted for 64 percent of the new hires. Heartland’s personnel files were thorough, and contained the appropriate documentation such as proof of a driver’s license and insurance, transcripts or diploma, background checks, position descriptions, interview notes, required trainings, and other required professional designations or certificates. Based on our review, all employees hired by Heartland Human Services after the strike met the educational and experience qualifications required by the position descriptions.

Management Salaries

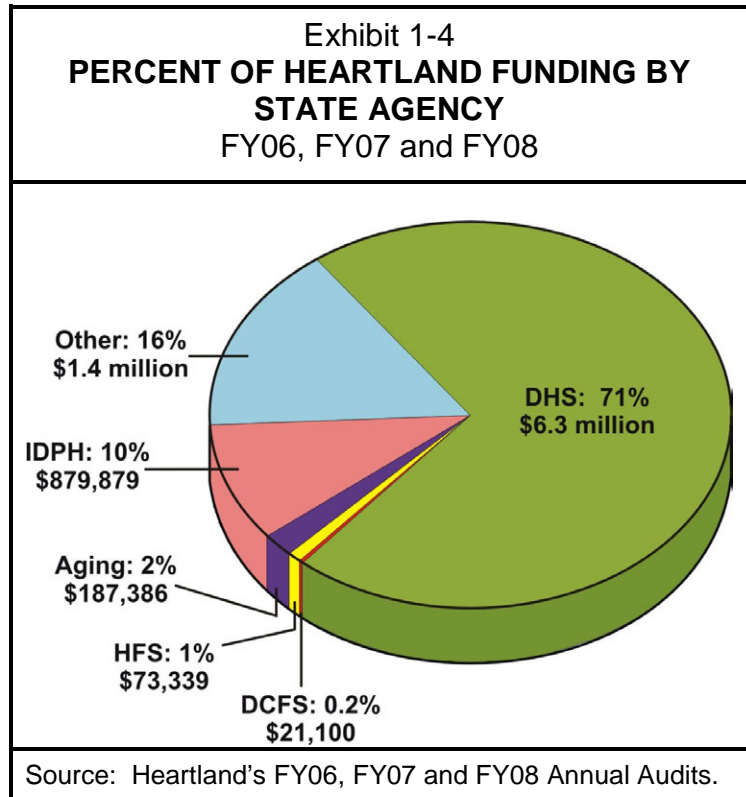
House Resolution Number 1307 asks for information on Heartland Human Services’ compensation for its management employees. For the employees holding management positions in FY07 and FY08, we reviewed their 2006, 2007, and 2008 compensation. Exhibit 1-3 is a list of management employees by title and their compensation for 2006, 2007, and 2008. Many of the management employees received a salary increase on August 27, 2007 (56 days after the strike began). Heartland made these salary increases retroactive back to July 1, 2006. As a result of these lump sum retroactive payments paid in 2007, many of the employees have higher compensation in 2007 than they do in 2008.

Exhibit 1-3 MANAGEMENT EMPLOYEE COMPENSATION Calendar Years 2006, 2007, and 2008			
Title	2006	2007	2008 ¹
Medical Director	\$164,181	\$176,495	\$172,390
Executive Director	\$90,711	\$95,306	\$94,180
CIS Program Director	\$53,901	\$60,727	\$58,756
Director of Operations ²	\$48,190	\$56,102	-
Outpatient Program Director	\$46,017	\$51,456	\$49,061
Director of Business Services	\$39,361	\$41,493	\$41,844
HR Director ³	-	-	\$38,479
Gero-Psych Project Director	\$38,256	\$41,126	\$40,169
Compliance Director ⁴	-	-	\$34,711
Residential Coordinator ⁵	-	\$28,118	\$31,500
Ryan White Director	\$29,062	\$31,604	\$30,861
Billing Supervisor	\$24,932	\$30,711	\$30,296
Maintenance Supervisor	\$32,041	\$34,774	\$33,593
Notes:			
¹ Several employees received a retroactive raise in August 2007 that was effective July 1, 2006. As a result, several employees’ compensation is higher in 2007 than in 2008.			
² Left employment in December 2007.			
³ Hired January 21, 2008.			
⁴ Hired January 2, 2008.			
⁵ Became Residential Coordinator on June 11, 2007			
Source: Heartland Human Services.			

OVERVIEW OF HEARTLAND FUNDING

During fiscal years 2006, 2007, and 2008, Heartland’s total funding from all sources was \$8.9 million. As seen in Exhibit 1-4, in fiscal years 2006, 2007, and 2008, Heartland received 84 percent (\$7.4 million) of its total funding from five State agencies: Human Services (DHS), Healthcare and Family Services (HFS), Children and Family Services (DCFS), Aging, and Public Health (IDPH). Not all of the funding was received through contracts or grants. The Department on Aging provided funding to Heartland through the Midland Area Agency on Aging.

DHS funding accounted for 71 percent of Heartland’s total funding during fiscal years 2006, 2007, and 2008. IDPH provided Heartland 10 percent of its funding over the three year period. Heartland also received 16 percent of its funding from sources other than State agencies. The purpose and actual use of State funding provided to Heartland is discussed in the following chapters.

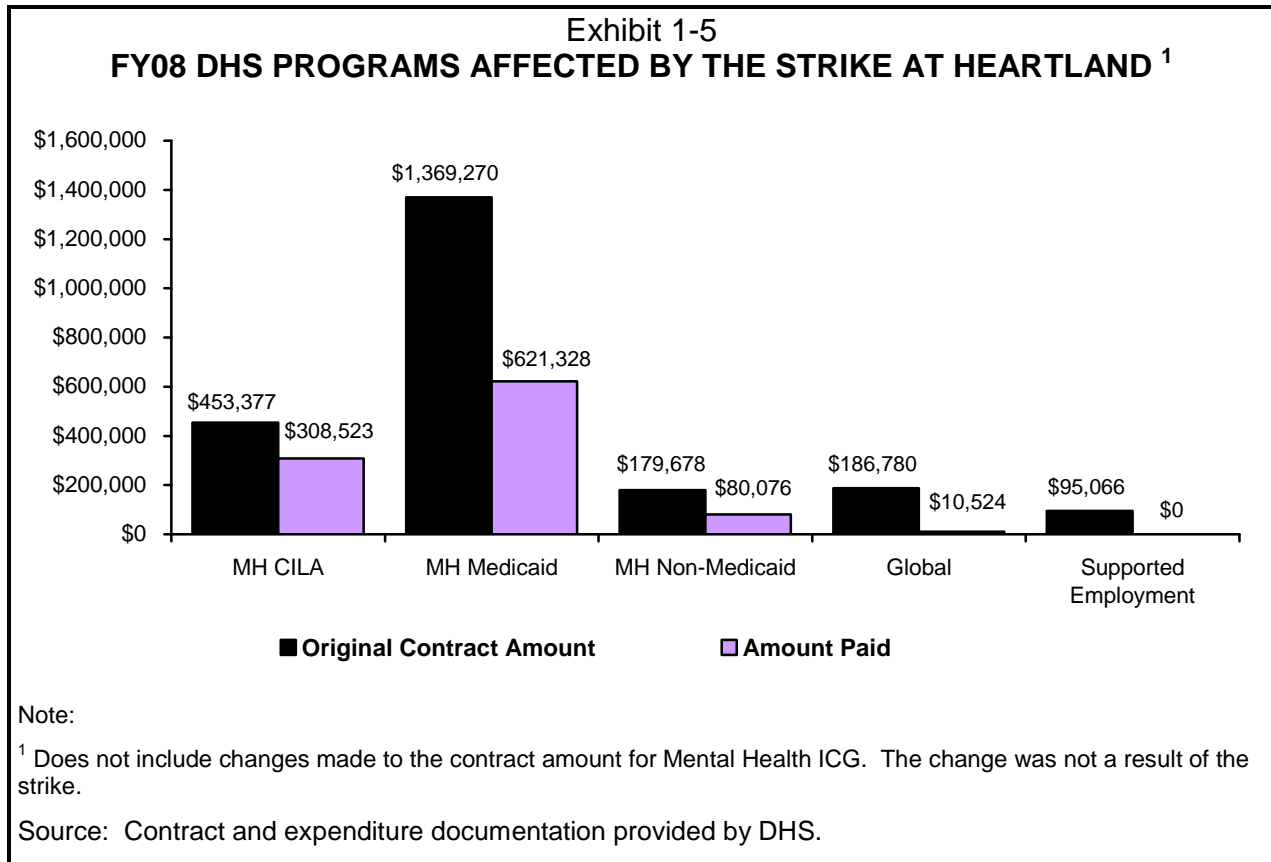


PROGRAMS AFFECTED BY THE STRIKE AT HEARTLAND

Services affected by the strike at Heartland were programs provided by the Department of Human Services. The services provided for Aging, DCFS, and IDPH programs were not affected. The services affected included the CILA, Medicaid, and Non-Medicaid programs operated by the Division of Mental Health (DMH), the Global program operated by the Division of Alcoholism and Substance Abuse (DASA), and the Supported and Extended Employment programs operated by the Division of Rehabilitative Services (DRS). Exhibit 1-5 compares the original contract versus the amount paid in FY08 for the five programs at Heartland that were affected by the strike. The FY08 DRS Supported Employment program funding was repaid by Heartland since no services were performed. The FY08 DASA Global program was resumed by Heartland at the end of the fiscal year.

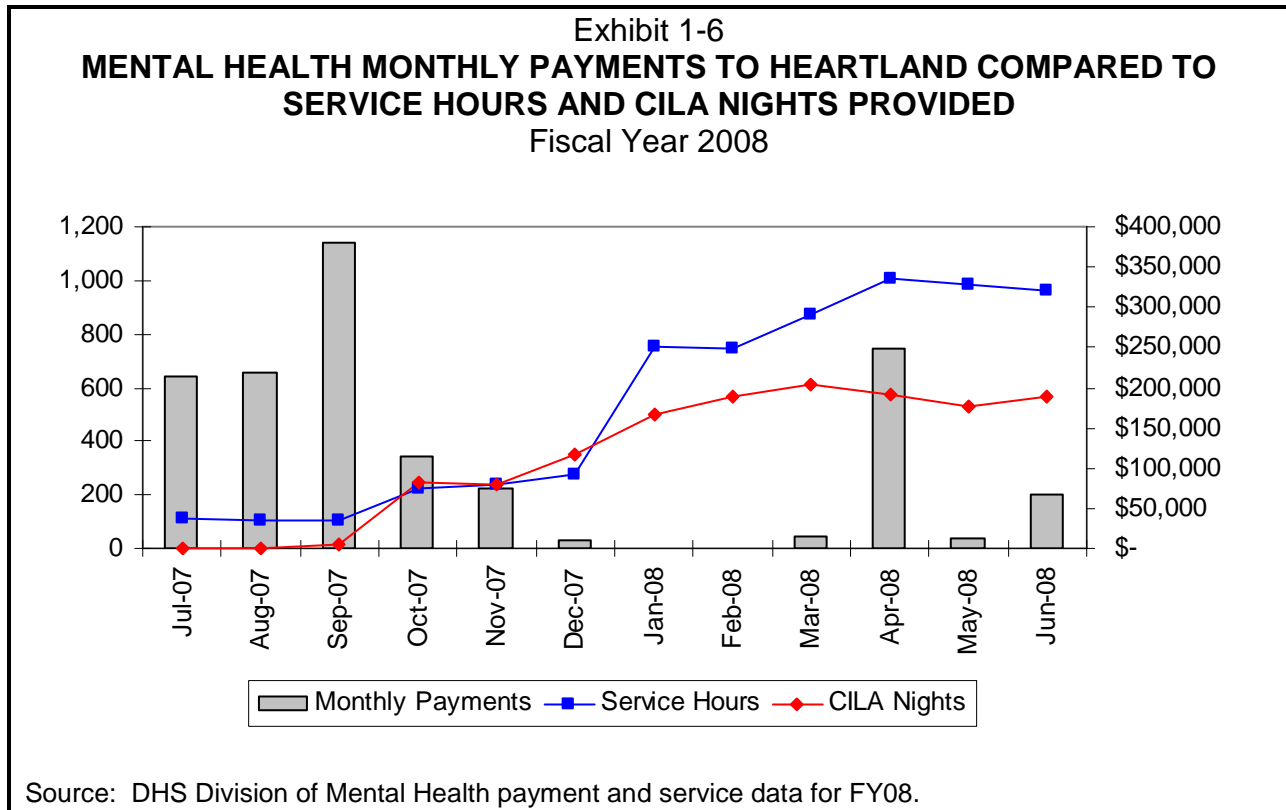
According to documentation provided by DHS, in September 2007, more than two months after the strike began, Heartland’s Executive Director proposed to DMH that payments be “suspended” until Heartland caught up to where they would be meeting their goals. As a result of this request, the routine monthly funding for three programs (MH CILA, MH Medicaid,

and MH Non-Medicaid) was stopped after the November 2007 payment. Therefore, Heartland received five months worth of full payments from DMH for these three programs even though very few services were being provided.



Once DMH stopped the payments to Heartland, Heartland and DMH worked together on a liquidation plan to determine how much additional funding Heartland would need to finish the year. As a result, DMH only funded \$1,336,821 of the FY08 contract that totaled \$2,333,619. This was a reduction of 43 percent from the original contract amount. The Mental Health Individual Care Grant was reduced but not due to the strike and therefore was not included in the exhibit.

Since mental health programs account for 73 percent of all FY08 State funding received by Heartland, we looked specifically at services provided compared to funding received by month. Exhibit 1-6 shows that although the Division of Mental Health provided funding to Heartland at the beginning of the fiscal year while very few services were being provided, it decreased payments after November when services provided increased. The decrease in funding was determined by monitoring and the development of a liquidation plan. The exhibit also shows that service hours provided went up in October after CILA residents began returning to Heartland’s residential facilities.



HEALTH CARE WORKER REGISTRY

During our review of Heartland, we determined that the Department of Public Health does not require CILAs licensed by DHS to report the results of background checks to the Health Care Worker Registry which is maintained by the Department of Public Health.

The Health Care Worker Background Check Act (225 ILCS 46) states that the General Assembly finds that it is in the public interest to protect the most frail and disabled citizens of the State from possible harm through a criminal background check of the health care workers. The Act applies to all individuals employed or retained by a health care employer. The Act defines a community integrated living arrangement operated by a community mental health and developmental service agency as a health care employer.

We searched the Health Care Worker Registry for the names of all the CILA workers hired after the strike. We also searched the Registry for the Residential Coordinator over the CILAs. None of the Heartland staff working in the CILAs were listed on the Health Care Worker Registry as Heartland employees.

When questioned as to why none of Heartland’s CILA staff were on the Registry, an IDPH official noted that IDPH does not require CILAs to submit copies of employee background checks to the Health Care Worker Registry due to an exception found at 225 ILCS 46/20(2) of the Health Care Worker Background Check Act. Section 46/20(2) excludes “an individual employed or retained by a health care employer for whom a criminal background check is

required by another law of this State.” There is also an exception for individuals “licensed by the Department of Financial and Professional Regulation or the Department of Public Health under another law of this State,” which applies to some of Heartland’s other staff.

DHS was then questioned about the requirement to conduct background checks on CILA workers. According to a DHS official, there is not another State law that requires background checks on CILA workers. The DHS official noted that background checks for CILA workers are required by the Health Care Worker Background Check Act (225 ILCS 46), **which is not a different State law** as claimed by IDPH. Additionally, DHS Instructions for CILA/DT Providers require that personal support workers’ names **be added** to the Illinois Health Care Worker Registry.

According to Heartland, Heartland was told that IDPH was not ready to receive the background check information. Currently, Heartland Human Services’ workers are not being added to the Registry as required. Since IDPH is not requiring any CILA providers to report to the Registry, this is a statewide issue as well. We recommend that DHS and IDPH work together to ensure that mental health workers in Illinois are reported to the Health Care Worker Registry as required by State law.

HEALTH CARE WORKER REGISTRY	
RECOMMENDATION NUMBER 1	<i>The Department of Human Services and the Department of Public Health should work together to ensure that CILA and other mental health workers are being added to the Health Care Worker Registry as required by State law.</i>
DEPARTMENT OF HUMAN SERVICES’ RESPONSE	Agree. The Division of Mental Health will meet with the appropriate officials from the Department of Public Health to ensure that CILA and other Mental Health workers are being added to the Health Care Workers Registry.
DEPARTMENT OF PUBLIC HEALTH’S RESPONSE	The Illinois Department of Public Health has reviewed this finding and concurs that a better method for communication and processing of DHS workers information must be developed. IDPH will request a meeting with DHS to develop a process for ensuring that all CILA and other DHS clients are added to the Health Care Worker Registry as required by State law.

SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. This audit was also conducted in accordance with audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit's objectives are contained in House Resolution Number 1307 (see Appendix A), which directs the Office of the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to Heartland Human Services under contracts or grant agreements in FY07 and FY08.

Fieldwork for this audit was conducted in November and December 2008 and January 2009. During the audit, we met with representatives from Heartland Human Services, the American Federation of State, County and Municipal Employees, the Illinois Department of Human Services, the Illinois Department of Healthcare and Family Services, the Illinois Department of Public Health, the Illinois Department of Children and Family Services, the Illinois Department on Aging, and the Midland Area Agency on Aging. We also met with and reviewed an investigation conducted by the Illinois Department of State Police's Medicaid Fraud Control Unit.

We requested and reviewed documentation related to the determinations found in House Resolution Number 1307. This included documentation for the purpose and actual use of State funding received by Heartland Human Services. We also received information from each State agency pertaining to the agencies' monitoring of State funds provided to Heartland Human Services. This information included numerous compliance reviews conducted of Heartland by the State agencies that provided funding. Information pertaining to Heartland Human Services' staffing levels and management salaries was also reviewed.

In conducting this audit, we reviewed applicable State statutes, administrative rules, and grant agreements. Compliance requirements were reviewed and tested to the extent necessary to meet the audit objectives. Any instances of non-compliance by Heartland Human Services or the State agencies that provided funding to Heartland Human Services are included in this report.

During fieldwork, we randomly tested services provided by Heartland Human Services for programs provided by DHS, HFS, IDPH, and DCFS. We conducted personnel testing for all employees hired after the strike. We also reviewed samples of Heartland Human Services' expenditures and inventory from fiscal years 2007 and 2008. For a more detailed sampling and analytical methodology, see Appendix B.

We reviewed risk and internal controls at Heartland Human Services related to the audit's objectives. Any weaknesses in internal controls are included as findings in this report.

REPORT ORGANIZATION

The remainder of this report is organized into the following chapters:

- Chapter Two - Purpose of State funding provided;
- Chapter Three - Department of Human Services' use and monitoring of funds; and
- Chapter Four - Other State agency use and monitoring of funds.

Chapter Two

PURPOSE OF STATE FUNDING PROVIDED

CHAPTER CONCLUSIONS

During FY06, FY07 and FY08, State agencies provided \$7.4 million in funding to Heartland Human Services (Heartland). The majority of the State funds provided to Heartland, \$6.3 million, were provided by the Department of Human Services (DHS) mainly from the Division of Mental Health to administer community based programs. Other agencies providing funding included the Department of Public Health, the Department of Children and Family Services, the Department of Human Services, and the Department on Aging.

We determined that the program areas affected by the strike at Heartland were those funded by DHS' Division of Mental Health (DMH), Division of Alcoholism and Substance Abuse (DASA), and Division of Rehabilitative Services (DRS). Heartland's funding from DMH decreased from \$2,364,960 in FY07 to \$1,336,821 in FY08. Funding from DASA decreased from \$143,142 in FY07 to \$10,730 in FY08 and funding from DRS decreased from \$74,569 in FY07 to \$0 in FY08.

DMH provides funding to Heartland for outpatient counseling for people of all ages that includes individual, marital, family or group counseling. In addition, Heartland provides 24-hour residential care to adults suffering from persistent mental illness. Services provided include training in life skills, community integration, and medication management. Mental health services provided by Heartland were affected the most by the strike.

DASA administers and monitors funding to a network of community-based substance abuse treatment programs. These programs provide a full continuum of treatment including outpatient and residential programs for persons addicted to alcohol and other drugs. Persons with specialized needs such as pregnant women, women with children, and injecting drug users are given priority. Heartland's contract with DASA includes two programs: Global and Special Project. The Global program was affected significantly by the strike.

DRS oversees programs serving persons with disabilities that include vocational training, home services, educational services, advocacy information and referral. Also provided are a variety of services for persons who are blind, visually impaired, deaf or hard of hearing. Due to the strike, there were no supported employment services provided during FY08.

FUNDING PROVIDED BY STATE AGENCIES

During FY06, FY07 and FY08, the majority of the State funds provided to Heartland were provided by the Department of Human Services mainly from the Division of Mental Health. The Department of Human Services provided \$6.3 million (\$5.8 million from the Division of Mental Health), the Department of Public Health (IDPH) provided \$879,879, the Department on Aging provided \$187,386, the Department of Healthcare and Family Services (HFS) provided \$73,339, and the Department of Children and Family Services (DCFS) provided \$21,100. Exhibit 2-1 summarizes State funding provided to Heartland by agency by fiscal year.

In FY08, Heartland’s annual audit included \$490,883 in previously unearned income from DHS. The unearned income is a result of Heartland reconciling by each individual mental health program while DHS reconciled all mental health programs in aggregate. According to Heartland officials, they were not sure if they would have to pay back the unearned income from FY05, FY06, and FY07. Therefore, in each of those years, the annual audits did not include the unearned income as revenue. Since DHS did not recover any of the unearned funds, the unearned income was included as revenue in Heartland’s FY08 audit. DHS’s reconciliation process for mental health grants is discussed in detail in Chapter Three.

Exhibit 2-1 STATE AGENCY FUNDING FOR HEARTLAND HUMAN SERVICES FY06, FY07 and FY08				
State Agency	FY06 Funding	FY07 Funding	FY08 Funding ^{2,3}	Total Funding By Agency
Human Services	\$2,646,903	\$2,431,496	\$1,195,574	\$6,273,973
Public Health	\$303,017	\$303,480	\$273,382	\$879,879
Aging ¹	\$63,797	\$56,713	\$66,876	\$187,386
Healthcare & Family Services	\$18,398	\$40,168	\$14,773	\$73,339
Children & Family Services	\$17,433	\$3,667	\$0	\$21,100
Totals	\$3,049,548	\$2,835,524	\$1,550,605	\$7,435,677
Notes:				
¹ The Department on Aging gave funds to the Midland Area Agency on Aging which passed through funding to Heartland to provide services.				
² Funding reported in the FY08 annual audit does not include funding that was not expended by Heartland at the completion of the audit.				
³ Not included is \$490,883 from previously unearned DHS Mental Health funds from fiscal years FY05, FY06, and FY07. Heartland’s FY08 annual audit included this as revenue since it was not recovered by DHS.				
Source: Heartland’s FY06, FY07 and FY08 Annual Audits.				

PURPOSE OF DEPARTMENT OF HUMAN SERVICES FUNDING

The Illinois Department of Human Services provides Heartland Human Services with funding to administer community based programs that provide disability and behavioral health services to residents of Effingham County. DHS administers one contract annually divided among four divisions: Division of Mental Health, Division of Alcoholism and Substance Abuse, Division of Rehabilitative Services, and the Division of Community Health and Prevention (DCHP). Since FY05, DHS has been working toward funding its mental health providers for some programs on a fee-for-service basis; however, as of the end of FY08, providers were still receiving funding in grant format.

Exhibit 2-2 shows the contract amounts and amount of funding received from DHS by program for fiscal years 2007 and 2008. The contract amounts are original contract amounts before funding was de-obligated by DHS due to the lack of services being provided due to the strike. In addition to the payments through contracts, Heartland also received funds for its Recovery Conference, funding for infrastructure, and payments for providing medical records to DHS.

Division of Mental Health

DMH provides funding to Heartland for outpatient counseling for people of all ages that includes individual, marital, family or group counseling. In addition, Heartland provides 24-hour residential care to adults suffering from persistent mental illness. Services provided include training in life skills, community integration, and medication management. Mental health services provided by Heartland were affected the most by the strike.

**Exhibit 2-2
DHS CONTRACT AMOUNTS AND FUNDING FOR
HEARTLAND HUMAN SERVICES
FY07 and FY08**

DIVISION OF MENTAL HEALTH (DMH)				
Program	FY07 Contract Amount	FY07 Funding Amount	FY08 Contract Amount	FY08 Funding Amount
Client Transition Subsidy	\$0	\$0	\$7,980	\$7,980
Crisis Services	\$85,790	\$85,790	\$85,790	\$85,790
Emergency Psychiatric Services	\$49,521	\$49,521	\$0	\$0
Gero-Psychiatric Services	\$65,476	\$65,476	\$65,476	\$65,476
Mental Health ICG	\$4,400	\$200	\$4,400	\$0
MH CILA	\$302,251	\$302,251	\$453,377	\$308,523
MH Medicaid	\$1,511,124	\$1,511,124	\$1,369,270	\$621,328
MH Non-Medicaid	\$188,950	\$188,950	\$179,678	\$80,076
Psychiatric Medications	\$0	\$0	\$6,000	\$6,000
Psychiatric Services in MHC	\$145,809	\$145,809	\$145,809	\$145,809
SASS Flex	\$12,988	\$12,988	\$12,988	\$12,988
Special Projects (Recovery Services)	\$2,851	\$2,851	\$2,851	\$2,851
Totals	\$2,369,160	\$2,364,960	\$2,333,619	\$1,336,821
DIVISION OF ALCOHOLISM AND SUBSTANCE ABUSE (DASA)				
Program	FY07 Contract Amount	FY07 Funding Amount	FY08 Contract Amount	FY08 Funding Amount
Global	\$186,780	\$141,773	\$186,780	\$10,524
Special Project – Federal Demo (STAR-SI)	\$0	\$1,369	\$12,418	\$206
Totals	\$186,780	\$143,142	\$199,198	\$10,730
DIVISION OF REHABILITATIVE SERVICES (DRS)				
Program	FY07 Contract Amount	FY07 Funding Amount	FY08 Contract Amount	FY08 Funding Amount
Supported Employment Program	\$67,179	\$46,682	\$67,179	\$0
Supported Employment Program (Extended)	\$27,887	\$27,887	\$27,887	\$0
Totals	\$95,066	\$74,569	\$95,066	\$0
DIVISION OF COMMUNITY HEALTH AND PREVENTION (DCHP)				
Program	FY07 Contract Amount	FY07 Funding Amount	FY08 Contract Amount	FY08 Funding Amount
Addiction Prevention Comprehensive	\$48,636	\$50,095	\$50,095	\$50,095
Totals	\$48,636	\$50,095	\$50,095	\$50,095
Grand Total	\$2,699,642	\$2,632,766	\$2,677,978	\$1,397,646
Source: Contract and expenditure documentation provided by DHS.				

Purpose of the Mental Health Programs

Heartland Human Services' FY08 contract with DMH covered the following programs (the FY08 funding amount for each program is shown):

- **Client Transition Subsidy (\$7,980)** - used to assist clients moving from assisted living to independent living;
- **Crisis Services (\$85,790)** - used for after hours, weekend, and holiday crisis assessments in order to determine if the person is capable of being left alone;
- **Gero-Psychiatric Services (\$65,476)** - establishes a geropsychiatric specialist who is responsible for service integration by reducing barriers to access, coordinating and improving existing services, and developing new programs to improve availability, quality and comprehensiveness of services to older adults.
- **Mental Health ICG (Individual Care Grant) (\$0)** - used for highly complex children or adolescents with mental illness. Heartland officials noted that money is obligated but not advanced. Cases must be approved by DMH prior to services being rendered;
- **MH CILA (Community Integrated Living Arrangement) (\$308,523)** - used to provide 24/7 supervised care for persons with mental illness.
- **MH Medicaid (\$621,328)** - used to provide the following services: mental health assessment and treatment plan development, review and modification. Services may be provided by Heartland Human Services under the following programs funded by Medicaid: case management, comprehensive mental health services, crisis intervention, mental health intensive outpatient, psychosocial rehabilitation, psychotropic medication administering, monitoring, and training, therapy and counseling, short-term diagnostic and mental health services, and psychological evaluations;
- **MH Non-Medicaid (\$80,076)** - used to provide a wide range of services funded by Non-Medicaid money, including: Oral interpretation and sign language, vocational services, outreach and engagement, and stakeholder education;
- **Psychiatric Medications (\$6,000)** - used for clients who need medication with no other means to pay;
- **Psychiatric Services in MHC (\$145,809)** - used for administrative costs for psychiatrists and support staff involved in the delivery of psychiatric services; including supervision and other leadership functions;
- **SASS Flex (\$12,988)** - used for the Screening, Assessment and Support Services (SASS) program. Services provided can include one-time payments for utility bills; and
- **Special Projects (\$2,851)** - these projects include:
 - Annual Recovery Conference*: used to buy t-shirts, hats, etc. for annual Recovery Conference held by DMH; and
 - Transportation Fund for Annual Recovery Conference*: supplemental transportation fund used to aid consumers with travel expenses to the annual Recovery Conference.

Division of Alcoholism and Substance Abuse

DASA administers and monitors funding to a network of community-based substance abuse treatment programs. These programs provide a full continuum of treatment including outpatient and residential programs for persons addicted to alcohol and other drugs. Persons with specialized needs such as pregnant women, women with children, and injecting drug users are given priority. Heartland's contract with DASA includes two programs: Global and Special Project. The Global program was affected significantly by the strike.

Purpose of the DASA Programs

The programs include the following services:

Global (\$10,524) - Combines multiple services into one funding amount that is used for the disbursement of the following types of services:

- **treatment** -includes individuals and family members who require individual sessions and/or group counseling, case management, and aftercare in either an outpatient or intensive outpatient setting;
- **intervention** -provides assessment and evaluation to assist individuals where alcohol or drug abuse is leading to legal problems or problems with family, school, job or other relationships;
- **support** -focuses on helping friends and family who are close to the individual that has an alcohol or drug problem; and
- **prevention** -includes providing information and presentations, life skills and leadership training, and coalition-building with community groups with the goal of positive youth involvement.

Special Project (\$206) - Strengthening Treatment Access Retention State Implementation (STAR-SI) Heartland Human Services was chosen from a group of statewide providers for a special project funded by the U.S. Substance Abuse and Mental Health Services Administration, administered by the Center for Substance Abuse and Treatment. This project is designed to improve rates of client access to and retention in publicly funded substance abuse outpatient treatment programs in Illinois.

DASA uses a consultant from the Network for the Improvement of Addiction Treatment (NIATx), a nationally recognized consulting firm in organizational development, in planning and training. Funding provided to Heartland was used to reimburse participants' travel expenses for conferences held in conjunction with STAR-SI initiatives.

Division of Rehabilitative Services

DRS oversees programs serving persons with disabilities that include vocational training, home services, educational services, advocacy information and referral. Also provided are a

variety of services for persons who are blind, visually impaired, deaf or hard of hearing. Due to the strike, there were no supported employment services provided during FY08.

Purpose of the DRS Programs

DRS administers one contract with Heartland for the Supported Employment Program which includes two types of services:

- **Supported Employment (\$0)** -The Supported Employment Program provides the necessary support and services to assist individuals with developmental disabilities to work for compensation in a variety of community-integrated work environments in which persons without disabilities are also employed. The program is designed to promote regular interaction with persons without disabilities who are not paid care givers or service providers.
- **Extended Employment (\$0)** -According to DRS officials, the Extended Employment Program is essentially the same as the Supported Employment Program, but the Extended Program is for individuals that have been employed for 18 months. The Extended Employment Program focuses primarily on job retention.

Division of Community Health and Prevention

In each of the last two fiscal years, FY07 and FY08, Heartland Human Services received \$50,095 from DCHP to deliver substance abuse prevention services. Working with coalitions and communities to create strategic plans for alcohol, tobacco, and other drug prevention, Heartland provides the following services: tutoring, life skills training, parent education, mentoring, communication campaigns, youth prevention education, assistance provided to a school to adopt a Student Assistance Program, and/or working with a coalition to advance public policy and the enforcement of policy to reduce underage drinking and tobacco use.

Purpose of the DCHP Program

DCHP's contract with Heartland Human Services includes one program:

- **Addiction Prevention Comprehensive (\$50,095)** - The goal of this program is to reduce alcohol, tobacco, and other drug use among Illinois youth. These measures target youth ages 10-17 or their families, schools, and communities.

ILLINOIS DEPARTMENT OF PUBLIC HEALTH

The Illinois Department of Public Health (IDPH) provides Heartland Human Services with two annual contracts (Ryan White and Housing Opportunities for Persons with AIDS) that are used for support services for persons and families with HIV disease. Heartland Human Services acts as the lead agent for the Effingham County HIV Care Consortium. The consortium is made up of 16 counties and 10 regions. Heartland provides and coordinates outpatient primary health care and essential support services for persons and families with HIV disease in both funded and unfunded entities in the following counties: Clark, Clay, Crawford, Cumberland, Edwards, Effingham, Fayette, Jasper, Jefferson, Lawrence, Marion, Moultrie, Richland, Shelby, Wabash, and Wayne. The Effingham County HIV Care Consortium will not exist after these two current contracts end.

Purpose of the Ryan White Grant

IDPH provides Heartland with funding to provide programs and services for those persons living with HIV/AIDS who reside in the area covered by the Effingham consortium. Heartland Human Services acts as the lead agent for the Effingham consortium ensuring that consortium funds are the payor of last resort. Services provided include medical and dental care, mental health, and substance abuse services, transportation services, housing, and other services covered by the federal Ryan White Treatment Modernization Act. Exhibit 2-3 lists services funded in Illinois.

Exhibit 2-3 RYAN WHITE SERVICES FUNDED IN ILLINOIS	
Core Services	
<ul style="list-style-type: none"> • Ambulatory/Outpatient Medical Care • Medical Nutritional Therapy • Mental Health Care 	<ul style="list-style-type: none"> • Oral Health Care • Substance Abuse Counseling - Outpatient
Support Services	
<ul style="list-style-type: none"> • Case Management (non-medical) • Child Care • Emergency Financial Assistance • Food Bank/Home Delivered Meals • Housing Assistance 	<ul style="list-style-type: none"> • Legal Assistance ¹ • Medical Transportation ² • Rehabilitation Services ³ • Treatment Adherence ⁴ • Psychosocial Support Services
Support Services Funded by State General Revenue Funds	
<ul style="list-style-type: none"> • Permanency Planning 	<ul style="list-style-type: none"> • Support Transportation
<p>Notes:</p> <p>¹ Only covers powers of attorney, do-not-resuscitate orders, or access to eligible benefits.</p> <p>² Transportation to core services only.</p> <p>³ Physical & occupational therapy, speech pathology, and low-vision training.</p> <p>⁴ Outside of medical case management or clinical setting.</p> <p>Source: Ryan White Service Guidelines provided by IDPH.</p>	

Beginning in April 2009, the Effingham consortium will be dissolved and absorbed by the four surrounding counties: Champaign, Sangamon, Jackson, and St. Clair. Due to a planned Statewide reorganization, Heartland Human Services will no longer be the lead agency in the consortium and will no longer administer funding provided by IDPH for Ryan White services.

Purpose of Housing Opportunities for Persons with AIDS Grant

IDPH also provides housing services to the same population using Housing Opportunities for Persons living with AIDS (HOPWA) funds provided through Housing and Urban Development. Services provided include short-term and emergency housing and utility assistance for low-income persons with HIV/AIDS and their families living within the Effingham consortium.

After a three month extension, the current agreement with Heartland ended in March 2009. Due to a planned Statewide reorganization, Heartland Human Services is no longer the lead agency in the consortium and no longer administers funding provided by IDPH for HOPWA services.

ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

On a fee-for-service basis, the Department of Healthcare and Family Services funds Heartland through the Screening, Assessment and Support Services (SASS) program to conduct pre-admission psychiatric hospitalization screenings to children and youth who are at risk of inpatient psychiatric hospitalization in Effingham County. HFS also pays Heartland for physician services provided by the Medical Director.

Purpose of the Screening, Assessment and Support Services Program

The SASS program also provides immediate crisis intervention and stabilization services, support to children and families when a child is hospitalized, post-hospitalization continuity of care, home-based family support, case management and care coordination, and needed psychiatric services.

Physician Services

Physician services include first time visits, medication monitoring for existing clients, and follow-up visits. Heartland's Medical Director is a psychiatrist that provides services for Medicaid clients that are billed to HFS on a fee-for-service basis. Based on data received from HFS, it appears physician services provided by the Medical Director were not affected by the strike.

ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES

The Illinois Department of Children and Family Services (DCFS) provides Heartland Human Services funding to administer counseling in Effingham and surrounding counties. Children and families who have open cases with DCFS and who are approved for referral by designated DCFS staff are eligible for services.

Purpose of DCFS Funding

Services include individual adult counseling, child and adolescent counseling, marital counseling and group counseling. Qualified staff may also provide family and/or group therapy. Clients may be seen individually or with a family member.

Heartland Human Services must accept all referrals made by authorized DCFS staff meeting eligibility and intake criteria, except when the contract is at capacity. During FY07, Heartland Human Services received four referrals from DCFS staff. Exhibit 2-4 shows a progression of clients served in FY07.

Exhibit 2-4 FY07 CLIENT REFERRALS FROM DCFS TO HEARTLAND HUMAN SERVICES			
FY07	Current Clients	DCFS Referrals	Closed
1 st Qtr	8	1	3
2 nd Qtr	7	1	0
3 rd Qtr	7	2	3
4 th Qtr	6	0	3
Source: Quarterly Reports provided by DCFS.			

ILLINOIS DEPARTMENT ON AGING

The Illinois Department on Aging provides money to the Midland Area Agency on Aging which acts as one of 13 Area Agencies on Aging (AAAs). Area Agencies plan and coordinate services and programs for older individuals in their service areas. The AAAs receive funding from the Department on Aging and the AAAs contract with local agencies to provide services to older individuals who live in the community. In FY07 and FY08, the Department on Aging provided approximately \$2 million annually to Midland.

Purpose of Aging Funding

Midland provides Heartland funding for Caregiver Support Services and Gap Filling Services for Clay, Effingham, Fayette, Jefferson, and Marion counties. These services include information through local library

Exhibit 2-5 HEARTLAND'S BUDGETED FUNDING FROM THE MIDLAND AREA AGENCY ON AGING		
Service	FY07 Amount	FY08 Amount
Caregiver Counseling	\$13,580	\$13,580
Caregiver Support Group	\$11,640	\$11,640
Caregiver Training & Education	\$23,280	\$23,280
Caregiver Information & Assistance	\$10,000	\$10,000
Gap Filling Services	\$2,555	\$1,642
Totals	\$61,055	\$60,142
Source: Monitoring data provided by the Midland Area Agency on Aging.		

resource centers, education, consultation, and outreach to family caregivers, assessments for caregiver respite, and caregiver support groups. Gap Filling Services provide funding for emergency situations to support caregivers for the purpose of maintaining older individuals in their homes. This includes funding for utilities, medications, and repairs to make homes accessible. Exhibit 2-5 shows that Midland's budgeted funding with Heartland was \$61,055 in FY07 and was \$60,142 in FY08. In addition to these funds, Heartland is required to provide local funding and in-kind contributions.

Chapter Three

DEPARTMENT OF HUMAN SERVICES' USE AND MONITORING OF FUNDS

CHAPTER CONCLUSIONS

Mental health services provided by Heartland Human Services (Heartland) were affected the most by the strike. The Department of Human Services' mental health grant funding for Heartland (excluding the fee-for-service funding) remained fairly constant between FY07 and FY08: \$664,686 and \$635,417, respectively. However, fee-for-service funding decreased significantly from \$1,700,074 in FY07 to \$701,404 in FY08, primarily because Heartland was unable to provide certain services for a portion of FY08 due to the strike. Medicaid funding decreased from \$1,511,124 in FY07 to \$621,328 in FY08. Non-Medicaid funding decreased from \$188,950 in FY07 to \$80,076 in FY08. The combined reduction in Medicaid and Non-Medicaid in FY08 was \$998,670.

The Department of Human Services (DHS) continues to work toward converting funding provided to mental health providers from a grant based system to a fee-for-service basis. The conversion that began in FY05 was not completed by the end of this audit. The agreement between DHS and Heartland lists the method of payment as "Grants" for all 10 mental health programs funded by DHS in FY08. For the 10 mental health programs funded in FY08:

- 8 capacity grant programs provided advance funding to Heartland which is primarily to be used for **expenses**, such as payroll, facility expenses, etc. Most grants have requirements on how such funds are to be used – such as 80 percent of funding must go toward personnel costs; and
- 2 grant programs (Medicaid and Non-Medicaid) are treated as "fee-for-service" programs by DHS. Funds are advanced to Heartland for these two programs, and Heartland is required to submit bills on at least a monthly basis for billable **services** funded by the Medicaid and Non-Medicaid contract amounts. However, even though Heartland submits bills to DHS for the services it provides, Heartland is not reimbursed or funded based on these billings. Rather, due to the reconciliation method used by DHS, which is discussed later, DHS has generally been allowing providers to retain any excess Medicaid funding even though it may not be supported by billings.

Statewide Issues

During our review of Heartland's use of State funds, as well as the State's monitoring of Heartland's use of such funds, we identified several **Statewide** issues. These issues not only

impact Heartland, but likely impact other DHS providers as well. These issues not only result in noncompliance with administrative rules and grant agreements with providers, but also limit DHS' oversight, as well as the transparency of the providers' use of State funds. DHS officials stated that many of the Statewide issues discussed below are the result of the Department's attempt to comply with the provisions of an FY05 Memorandum of Understanding which is discussed later in the chapter.

1. DHS did not provide adequate guidance to providers in order to complete their Consolidated Financial Reports (CFR).

Due to a lack of guidance by DHS, Heartland did not allocate expenses directly to **each** mental health program specified in its agreement. As a result, it is not possible to determine whether expenses are being allocated to the DHS capacity grant, Medicaid, or Non-Medicaid portion of Heartland's funding. Heartland's Medicaid, Non-Medicaid and grant funds are lumped together to fund the mental health services it provides. This commingling of funding types, along with the limitations in DHS' reporting requirements, makes it difficult to track and account for the funding received by providers.

Based on our discussions with Heartland, as well as DHS officials, much of the difficulty in tracking and reporting the use of funding from DHS relates to the way the Medicaid and Non-Medicaid funding is allocated. DHS allows providers to use Medicaid and Non-Medicaid funding not only for the specific Medicaid and Non-Medicaid grant program, but also to pay for services provided in other capacity grant programs, such as community integrated living arrangement (CILA) or Crisis Services. In FY08, Heartland allocated Medicaid and Non-Medicaid grant funds among four of its DHS grant programs (Crisis Services, MH CILA, Gero-Psychiatric Services, and Medicaid/Non-Medicaid) based on the actual services it provided.

Since DHS does not require mental health providers to submit expenditure reports that document how grant funds were expended, DHS does not have any specific support for how the grant funds were expended. For example, many of the grants require that at least 80 percent of the grant funding shall be used to support salaries and benefits. Without these grant activity reports, it is unclear how DHS monitors this requirement.

Since financial reporting to DHS was not done by the program titles that were listed in the grant agreement, it is not possible for DHS to determine whether Heartland met performance and allowable cost requirements by program as required by the grant agreement. In order to determine how DHS monitors compliance with contracts and grant agreements, DHS was asked how it determines what is spent by program. A DHS official agreed that it is not possible to track spending by program. This appears to be a statewide issue and is something that is not being monitored adequately by DHS.

2. Due to the way DHS reconciles mental health grant funding, providers have been allowed to keep funding for programs that was not reported as expended.

Due to the way DHS' Office of Contract Administration reconciles the funding DHS provided to mental health providers, providers such as Heartland have been allowed to keep

mental health funding that was not reported as expended. Since FY05, DHS’ reconciling of funding provided to mental health providers has not met the requirements of the Illinois Administrative Code or the grant agreements. Additionally, DHS continues to reconcile based on special instructions that were used for completing the FY05 grant report. Since FY05, the Department of Human Services/Division of Mental Health has been working on converting mental health providers from being funded through grants to being funded by fee-for-service. Although DHS/DMH has been working on the conversion since FY05, the conversion has not been implemented as of the end of the audit.

As a result, in FY08 several of Heartland’s programs (Client Transition Subsidy, Psychiatric Medications, and SASS Flex) had expenditures that were less than the grant funds received. In these instances, Heartland was able to keep the funding due to DHS’ reconciliation process that has been used since FY05.

In the time period between fiscal years 2005 through 2007, Heartland had “unearned income” from State moneys totaling \$490,883. While it is clearly not the intent of DHS to recoup all of the “unearned income” providers have realized as a result of the conversion to fee-for-service funding, this method of reconciliation may be resulting in providers retaining funding which is truly excess, and which has not been spent in accordance with the grant agreement, and which should be returned to the State.

3. DHS did not ensure that mental health providers were reporting interest earned on its grants.

Heartland’s FY07 and FY08 reconciliation documentation provided by DHS’ Office of Contract Administration did not show that Heartland earned any interest on the \$3,701,781 in funding received for mental health programs over the two year period. The Grant Funds Recovery Act requires that interest earned on grant funds held by a grantee shall become part of the grant principal. Additionally, the Division of Alcoholism and Substance Abuse (DASA) and the Division of Rehabilitative Services (DRS) did not require Heartland to calculate interest earned and repay interest earned on unspent advance funds.

Heartland Specific Issues

During the audit, we identified several issues related to Heartland Human Services. These issues include:

- Heartland’s use of Crisis Services program funding did not comply with its grant agreement. Heartland received an \$85,790 grant for Crisis Services in FY08. The agreement required that 80 percent of the grant funding (or \$68,632) be used for salaries and benefits. Based on Heartland’s FY08 CFR, Heartland only spent \$58,679 on salaries and benefits allocated to the Crisis Services program, which is 68 percent of the grant amount.
- Heartland allocated \$145,492 in revenue to the Crisis Services program in FY08 (\$128,683 in DHS funding and \$16,809 from non-State revenue), but only reported \$82,507 allowable in expenses for the program. The excess revenue

allocated to the Crisis Services program resulted from Heartland applying fee-for-service funding for the services it provided for this program. While DHS' method of funding forces mental health providers to allocate fee-for-service billings to its grant programs, the grant agreement requires that the fee-for-service funding should not be submitted for the same services and activities funded by the grant.

- Based on a review of Heartland's case notes, we determined that Heartland employees need to be more specific when documenting services provided to allow reviewers the ability to ensure entries are not duplicated.
- From a sample of expenditures from FY07 and FY08, Heartland allocated \$6,523 in expenses to State programs that were not necessary or related to Heartland providing its State funded program services as outlined in 89 Ill. Adm. Code 509.20.
- Heartland did not have adequate documentation for a few of the purchases that were reviewed. These included bills for hotel stays and toner cartridges.

State Agency Monitoring

The Mental Health Program Manual and grant agreement have very few monitoring requirements. Both contain a list of activities that the Department's monitoring "may consist of." However, none of the activities are required and nothing delineates the frequency of the reviews to be conducted. Although documented requirements for monitoring were limited, the Division of Mental Health (DMH) provided documentation of numerous monitoring activities during fiscal years 2007 and 2008. From our review of the documentation provided by DMH, it appears that DMH was in frequent contact with Heartland and monitored the strike as necessary. According to a DMH official, Heartland was in compliance with all notifications and reporting requirements.

DHS' Bureau of Accreditation, Licensure, and Certification (BALC) conducted a site visit from October 6 through October 9, 2008, of the CILAs and a sample of current client records on file. Heartland received two separate scores on the BALC Survey Report Form. Heartland received a 97 percent for the CILA portion and all three CILA sites were visited. Heartland scored 75 percent on the Medicaid Community Mental Health Services portion. According to a BALC official, these scores are average in comparison to providers similar to Heartland.

DHS' Division of Alcoholism and Substance Abuse (DASA) and Heartland exchanged numerous e-mails relating to the strike and Heartland's ability to provide DASA services. The e-mails included a notice by Heartland on June 28, 2007, of the impending strike. The e-mail was from Heartland's Executive Director and stated that she had been notified that the strike would begin on July 2, 2007, at 8:15am.

DASA performed a post-payment audit of Medicaid and grant/fee-for-service billings on June 16, 2008, for services provided during FY07. DASA also performed a post-payment audit of Heartland's Alcoholism and Substance Abuse Treatment and/or Intervention Services

program(s) on November 1 and 2, 2007. This audit covered FY06 billings. DASA identified \$674 in billings subject to recoupment.

The Division of Rehabilitative Services’ (DRS) Procedures Manual requires monitoring of programs through monthly performance monitoring, site visits, billing reviews, and group billing reviews using random sampling. According to DRS officials, monthly performance monitoring is conducted by reviewing the Group Billing Sheets that are submitted by Heartland monthly. DHS provided a January 2007 Group Billing review in which the reviewer found that the services are well documented and noted no concerns. A site visit was conducted in April 2008. However, since no services were provided and no funding was expended by Heartland, there was nothing to review.

DHS’ Division of Community Health and Prevention monitors Heartland’s Addiction Prevention Services by requiring Heartland to submit Annual Work Plans and Annual and Semi-Annual Evaluation Progress Reports and by requiring quarterly reporting of service data. In addition, DHS conducted a site visit of Heartland on November 13, 2007. The site visit had no findings and required no action by Heartland.

DIVISION OF MENTAL HEALTH

Heartland provides outpatient counseling for people of all ages that includes individual, marital, family or group counseling. In addition, Heartland provides 24-hour residential care to adults suffering from persistent mental illness. Services provided include training in life skills, community integration, and medication management. Mental health services provided by Heartland were affected the most by the strike.

Use of Mental Health Funds

Documentation provided by DMH listed monthly totals of services provided by Heartland for fiscal years 2007 and 2008. Exhibit 3-1 lists the total services provided by month by fiscal year. In FY08, **DHS initiated statewide changes** on what providers can bill for. For example, in FY08 providers could no longer bill under the Case Management service code. As a result, Heartland began billing Case Management under Outpatient. Similarly, Day Rehab Treatment was no longer billable. It was changed by DHS to a more restrictive program called Psychosocial Rehabilitation (PSR). In FY08, Heartland began billing PSR under Outpatient. These billing revisions initiated by DHS explain why there were no Case Management and Day Rehab Treatment hours billed by Heartland in FY08, and why Outpatient service hours for Heartland increased toward the end of FY08.

In FY05, a Memorandum of Understanding (MOU) was entered into by the Department of Human Services’ Division of Mental Health, the Governor’s Office of Management and Budget, the Senate Health and Human Services Committee, and the House Special Committee on Fee-For-Services Initiatives (see Appendix D). Beginning on July 1, 2004, Mental Health providers in the State of Illinois began the first step of a phased-in conversion to a fee-for-service methodology. The MOU was entered into in order to create a smooth transition into the fee-for-service. During the transition period, DHS was to compose a classification of services that

reflected the new fee-for-service system, and further determine how to facilitate the transition between a billing code and a service title.

Exhibit 3-1														
MONTHLY MENTAL HEALTH SERVICES PROVIDED BY HEARTLAND														
Fiscal Years 2007 and 2008														
Service	FY	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Outpatient (hours) ^{1,2}	07	500	668	436	363	342	290	407	359	388	328	405	345	4,831
	08	29	18	24	105	142	164	606	615	691	849	852	850	4,945
Child/ Adolescent Outpatient (hours)	07	68	80	33	49	51	51	62	73	91	91	86	74	809
	08	0	3	3	25	22	42	51	54	70	57	46	46	419
Day Rehab Treatment (hours) ¹	07	1,958	2,020	2,013	2,258	2,152	1,957	2,320	1,893	2,263	2,002	2,059	1,870	24,765
	08	-	-	-	-	-	-	-	-	-	-	-	-	-
Psychiatrist Services in MHC (hours)	07	24	47	48	50	28	33	45	37	45	44	48	25	474
	08	22	46	41	43	29	40	36	35	43	41	46	32	454
Gero-psychiatric Services (hours)	07	89	99	74	46	28	20	27	9	23	20	29	12	476
	08	13	12	11	27	22	21	29	15	16	15	12	13	206
Case Management (hours) ²	07	45	61	39	81	101	105	150	127	155	131	122	136	1,253
	08	-	-	-	-	-	-	-	-	-	-	-	-	-
Crisis Services (hours)	07	29	32	32	27	30	38	31	50	51	37	49	47	453
	08	45	26	23	20	21	11	34	24	50	45	29	17	345
MH CILA (nights)	07	496	677	660	682	660	682	682	616	651	626	645	565	7,642
	08	0	0	14	248	240	354	496	570	612	571	527	570	4,202
Notes:														
¹ In FY08, DHS/DMH no longer allowed billing for Day Rehab Treatment. The program was changed to Psychosocial Rehabilitation (PSR) which is a more restrictive program and was billed as Outpatient.														
² In FY08, Case Management was billed as Outpatient.														
Source: FY07 and FY08 service data provided by DHS/DMH.														

DHS continues to work toward converting funding provided to mental health providers from a grant based system to a fee-for-service basis. The conversion that began in FY05 was not completed by the end of this audit. The agreement between DHS and Heartland lists the method of payment as “Grants” for all 10 mental health programs funded by DHS in FY08. For the 10 mental health programs funded in FY08:

- 8 capacity grant programs provided advance funding to Heartland which is primarily to be used for **expenses**, such as payroll, facility expenses, etc. Most grants have requirements on how such funds are to be used – such as 80 percent of the funding must go toward personnel costs; and
- 2 grant programs (MH Medicaid and MH Non-Medicaid) are treated as “fee-for-service” programs by DHS. Funds are advanced to Heartland for these two programs, and Heartland is required to submit bills on at least a monthly basis for billable **services** funded by the Medicaid and Non-Medicaid contract amounts. However, even though Heartland submits bills to DHS for the services it provides, Heartland is not reimbursed or funded based on these billings. Rather, due to the reconciliation method used by DHS, which is discussed later, DHS has generally been allowing providers to retain any “unearned” Medicaid funding which is not supported by billings.

Exhibit 3-2 DHS MENTAL HEALTH GRANT FUNDING FOR HEARTLAND HUMAN SERVICES			
Program	FY07 Funding Amount	FY08 Funding Amount	Difference
CAPACITY GRANTS:			
Client Transition Subsidy	\$0	\$7,980	\$7,980
Crisis Services	\$85,790	\$85,790	\$0
Emergency Psychiatric Services ¹	\$49,521	\$0	(\$49,521)
Gero-Psychiatric Services	\$65,476	\$65,476	\$0
MH CILA	\$302,251	\$308,523	\$6,272
Psychiatric Medications	\$0	\$6,000	\$6,000
Psychiatrist Services in MHC	\$145,809	\$145,809	\$0
SASS Flex	\$12,988	\$12,988	\$0
Special Projects	\$2,851	\$2,851	\$0
Capacity Grant Totals	\$664,686	\$635,417	(\$29,269)
GRANTS – FEE-FOR-SERVICE:			
MH Medicaid	\$1,511,124	\$621,328	(\$889,796)
MH Non-Medicaid	\$188,950	\$80,076	(\$108,874)
Grant Fee-for-Service Totals	\$1,700,074	\$701,404	(\$998,670)
¹ Emergency Psychiatric Services was not a funded program in FY08. Source: Heartland's FY07 and FY08 grant agreements and voucher listings with DHS.			

As seen in Exhibit 3-2, mental health grant funding for Heartland (excluding the fee-for-service funding) remained fairly constant between FY07 and FY08: \$664,686 and \$635,417, respectively. However, fee-for-service funding decreased significantly from \$1,700,074 in FY07 to \$701,404 in FY08, primarily because Heartland was unable to provide certain services for a portion of FY08 due to the strike. MH Medicaid funding decreased from \$1,511,124 in FY07 to \$621,328 in FY08. Additionally, MH Non-Medicaid funding decreased from \$188,950 in FY07 to \$80,076 in FY08. The combined reduction in Medicaid and Non-Medicaid in FY08 was \$998,670.

Heartland's annual audit shows actual expenses for mental health programs of \$2,322,484 in FY07 and \$1,768,375 in FY08. The audits show revenue allocated to mental health programs of \$2,425,099 in FY07 and \$1,244,477 in FY08. Exhibits 3-3 and 3-4 show Heartland's revenue and expenditures by mental health program for fiscal years 2007 and 2008.

As seen in Exhibit 3-4, DHS allows providers to use its Medicaid and Non-Medicaid funding not only for its Medicaid and Non-Medicaid grant program, but to pay for services provided in other programs, such as CILA or Crisis Services. In FY08, Heartland allocated Medicaid and Non-Medicaid grant funds among four of its grant programs (Crisis Services, MH CILA, Gero-Psychiatric Services, and Medicaid/Non-Medicaid) based on the actual services it provided. In FY08, expenses shown in Exhibit 3-4 under the specific Medicaid/Non-Medicaid grant program (the second program column in the Exhibit) include services billed for: Outpatient; Child and Adolescent Outpatient; Case Management; and Psychosocial Rehabilitation. According to Heartland's FY08 audit, Heartland only allocated \$408,310 of its \$621,328 in MH Medicaid funding to the four programs. As a result, \$213,018 of the MH Medicaid funding Heartland received was "unearned" and was not reported on in the FY08 audit.

Exhibit 3-3
HEARTLAND’S MENTAL HEALTH REVENUES AND EXPENDITURES BY PROGRAM
 Fiscal Year 2007

	Day Rehab	Treatment	Case Management	Crisis Services	Child/Adolescent Services	Outpatient	Geropsychiatric	Psychiatrist Services in MHC	MH CILA	Emergency Psychiatric Services	Special Projects	SASS Flex	Totals
Revenues:													
DHS Grant Revenue	\$14,976	\$11,495	\$113,932	\$7,715	\$89,918	\$69,159	\$145,809	\$311,311	\$30,344	\$6,851	\$2,078	\$803,588	
Medicaid Fee-for-Service Revenue	\$331,189	\$72,402	\$21,675	\$50,225	\$211,639	\$1,707	\$0	\$741,651	\$0	\$0	\$0	\$1,430,488	
Other Revenue	\$1,753	\$73	\$22,082	\$14,884	\$29,611	\$9,511	\$36,795	\$73,839	\$0	\$6,142	\$0	\$194,690	
Total Revenue	\$347,918	\$83,970	\$157,689	\$72,824	\$331,168	\$80,377	\$182,604	\$1,126,801	\$30,344	\$12,993	\$2,078	\$2,428,766	
Program Expenses													
Staff/Clerical Salaries	\$116,668	\$44,432	\$63,569	\$43,884	\$227,861	\$52,339	\$159,386	\$461,991	\$0	\$0	\$0	\$0	\$1,170,130
Payroll Taxes/Fringe Benefits	\$33,507	\$11,703	\$12,302	\$11,016	\$51,495	\$10,136	\$21,135	\$131,540	\$0	\$0	\$0	\$0	\$282,834
Other Program Expenses	\$11,039	\$4,424	\$2,130	\$4,703	\$30,164	\$4,252	\$17,200	\$34,744	\$27,868	\$12,475	\$1,979	\$0	\$150,978
Support Expenses													
Salaries	\$6,404	\$770	\$890	\$2,020	\$4,203	\$326	\$1,120	\$750	\$0	\$0	\$0	\$0	\$16,483
Payroll Taxes/Fringe Benefits	\$2,043	\$245	\$285	\$643	\$1,342	\$104	\$355	\$240	\$0	\$0	\$0	\$0	\$5,257
Housekeeping, Laundry, Dietary	\$2,488	\$267	\$265	\$601	\$1,251	\$97	\$333	\$5,330	\$0	\$0	\$0	\$0	\$10,632
Occupancy Expenses													
Salaries	\$5,165	\$620	\$719	\$1,626	\$3,391	\$264	\$901	\$14,790	\$0	\$0	\$0	\$0	\$27,476
Payroll Taxes/Fringe Benefits	\$906	\$107	\$126	\$286	\$593	\$45	\$159	\$2,594	\$0	\$0	\$0	\$0	\$4,816
Building/Equip Operations & Maintenance	\$15,430	\$1,829	\$2,113	\$4,796	\$9,982	\$775	\$2,662	\$6,774	\$0	\$0	\$0	\$0	\$44,361
Depreciation & Amortization	\$38,709	\$4,645	\$4,909	\$11,084	\$24,047	\$2,120	\$6,342	\$49,549	\$0	\$0	\$0	\$0	\$141,405
Mortgage & Installment Interest	\$15,430	\$1,855	\$2,144	\$4,865	\$10,127	\$786	\$2,700	\$24,460	\$0	\$0	\$0	\$0	\$62,367
Other Occupancy Expenses	\$2,614	\$890	\$580	\$1,260	\$3,577	\$513	\$740	\$11,112	\$0	\$0	\$0	\$0	\$21,286
Administrative & Office Expenses													
Salaries	\$22,343	\$8,490	\$5,531	\$12,025	\$34,128	\$4,401	\$7,071	\$93,990	\$0	\$0	\$0	\$0	\$187,979
Payroll Taxes/Fringe Benefits	\$4,336	\$1,648	\$1,073	\$2,333	\$6,619	\$855	\$1,371	\$18,230	\$0	\$0	\$0	\$0	\$36,465
Administrative Consultants	\$7,527	\$2,999	\$2,150	\$4,720	\$12,581	\$1,534	\$2,756	\$31,816	\$0	\$0	\$0	\$0	\$66,083
Reference Materials, Advertisement, Membership dues, etc.	\$5,558	\$1,966	\$9,732	\$5,791	\$21,502	\$3,731	\$15,567	\$22,847	\$0	\$0	\$0	\$0	\$86,694
Other Administrative & Office Expenses	\$708	\$310	\$316	\$588	\$1,456	\$233	\$416	\$3,211	\$0	\$0	\$0	\$0	\$7,238
Total Expenses	\$290,875	\$87,200	\$108,834	\$112,241	\$444,319	\$82,511	\$240,214	\$913,968	\$27,868	\$12,475	\$1,979	\$1,979	\$2,322,484

Source: Heartland's FY07 annual audit.

**Exhibit 3-4
HEARTLAND'S MENTAL HEALTH REVENUES AND EXPENDITURES BY PROGRAM
Fiscal Year 2008**

	Crisis Services	Medicaid/Non-Medicaid	Geront - Psychiatric	Psychiatrist Services in MHC	MH CILA	Psychiatric Medications	Special Projects	Client Transition Subsidy	SASS Flex	Totals
Revenues:										
DHS Grant Revenue	\$85,790	\$3,580	\$65,476	\$145,809	\$319,263	\$2,451	\$2,851	\$0	\$30	\$625,250
Medicaid Fee-for-Service Revenue	\$19,839	\$185,013	\$2,018	\$0	\$201,440	\$0	\$0	\$0	\$0	\$408,310
Non-Medicaid Revenue	\$23,054	\$53,321	\$4,476	\$0	\$5,481	\$0	\$0	\$0	\$0	\$86,332
Other Revenue	\$16,809	\$17,603	\$10,533	\$46,028	\$26,616	\$0	\$6,996	\$0	\$0	\$124,585
Total Revenue	\$145,492	\$259,517	\$82,503	\$191,837	\$552,800	\$2,451	\$9,847	\$0	\$30	\$1,244,477
Program Expenses										
Staff/Clerical Salaries	\$41,355	\$209,136	\$56,162	\$164,369	\$325,956	\$0	\$0	\$0	\$0	\$796,978
Payroll Taxes/Fringe Benefits	\$6,169	\$56,119	\$11,102	\$20,642	\$82,262	\$0	\$0	\$0	\$0	\$176,294
Other Program Expenses	\$2,195	\$20,950	\$3,865	\$16,687	\$29,366	\$2,451	\$9,516	\$0	\$30	\$85,060
Support Expenses										
Salaries	\$9	(\$22)	\$0	(\$2)	\$0	\$0	\$0	\$0	\$0	(\$15)
Payroll Taxes/Fringe Benefits	\$59	\$560	\$16	\$44	\$34	\$0	\$0	\$0	\$0	\$713
Housekeeping, Laundry, Dietary	\$367	\$3,717	\$89	\$286	\$4,699	\$0	\$0	\$0	\$0	\$9,158
Occupancy Expenses										
Salaries	\$1,165	\$10,906	\$278	\$898	\$16,584	\$0	\$0	\$0	\$0	\$29,831
Payroll Taxes/Fringe Benefits	\$150	\$1,401	\$34	\$114	\$2,131	\$0	\$0	\$0	\$0	\$3,830
Building/Equip Operations & Maintenance	\$3,321	\$31,349	\$802	\$2,589	\$16,835	\$0	\$0	\$0	\$0	\$54,896
Depreciation & Amortization	\$7,206	\$71,373	\$1,974	\$5,689	\$49,074	\$0	\$0	\$0	\$0	\$135,316
Mortgage & Installment Interest	\$2,994	\$28,247	\$723	\$2,333	\$4,132	\$0	\$0	\$0	\$0	\$38,429
Other Occupancy Expenses	\$592	\$5,066	\$303	\$446	\$7,829	\$0	\$0	\$0	\$0	\$14,236
Administrative & Office Expenses										
Salaries	\$8,235	\$67,413	\$4,178	\$6,122	\$94,873	\$0	\$0	\$0	\$0	\$180,821
Payroll Taxes/Fringe Benefits	\$1,537	\$12,662	\$782	\$1,145	\$17,727	\$0	\$0	\$0	\$0	\$33,853
Administrative Consultants	\$5,197	\$41,767	\$2,557	\$3,906	\$57,720	\$0	\$0	\$0	\$0	\$111,147
Reference Materials, Advertisement, Membership dues, etc.	\$12,893	\$39,637	\$4,085	\$2,817	\$32,583	\$0	\$0	\$0	\$0	\$92,015
Other Administrative & Office Expenses	\$335	\$1,970	\$202	\$232	\$3,074	\$0	\$0	\$0	\$0	\$5,813
Total Expenses	\$93,779	\$602,251	\$87,152	\$228,317	\$744,879	\$2,451	\$9,516	\$0	\$30	\$1,768,375

Source: Heartland's FY08 annual audit.

Fiscal and Service Reporting

During our review of Heartland’s use of State funds, as well as the State’s monitoring of Heartland’s use of such funds, we identified several **Statewide** issues. These issues not only impact Heartland, but likely impact other DHS providers as well. These reporting issues not only result in noncompliance with administrative rules and grant agreements with providers, but also limit DHS’ oversight, as well as the transparency, of the providers’ use of State funds.

DHS officials stated that many of the Statewide issues discussed below are the result of the Department’s attempt to comply with the provisions of the FY05 MOU discussed earlier in this chapter (see Appendix D for a copy of the MOU). DHS officials noted that the FY05 MOU specified how the funds for anticipated Medicaid services were to be paid and reconciled. DHS officials stated that the MOU required that Medicaid funds be paid in advance and were not subject to closeout using the standard grants recovery methodology of the Department. In addition, officials noted that since the MOU allowed Medicaid funds to be used to supplement funding of capacity grant programs, their ability to monitor and reconcile capacity grants was also impacted.

Compliance with Grant Agreement

The Department of Human Services does not require Heartland Human Services to allocate expenses directly to each mental health program specified in its agreement. As a result, it is not possible to determine whether expenses are being allocated to the DHS capacity grant, Medicaid, or Non-Medicaid portion of Heartland’s funding. Heartland’s Medicaid, Non-Medicaid, and grant funds are lumped together to fund the mental health services it provides. This commingling of funding types, along with the limitations in DHS reporting requirements, makes it very difficult to track and account for the funding received by providers.

Heartland allocated a total of \$526,184 of DHS funding for its CILA program in FY08, as shown in Exhibit 3-4: \$319,263 was from the DHS CILA grant; \$201,440 was from the Medicaid fee-for-service program; and \$5,481 was from the Non-Medicaid program. The funding agreement with Heartland required that at least 80 percent of the CILA grant funds be used for salaries and benefits for the portion of provider staff time serving in this program by delivering services and related activities and for costs necessary to maintain the CILA program, such as rent, mortgage payments, utilities, maintenance costs, food and supplies. However, the expenses for the CILA program reported to DHS for the program as a whole, are not broken out by funding source (i.e., by CILA grant, Medicaid, Non-Medicaid). Consequently, it is not possible to determine which expenses were paid by what funding source.

Based on our review of Heartland’s Consolidated Financial Report and audit, we identified several issues related to Heartland’s use of its DHS funding. These included:

- Even though expenses are not allocated to specific funding sources, which makes it difficult to determine whether Heartland is in compliance with grant requirements, we determined that Heartland’s use of Crisis Services program funding did not comply with its grant agreement. Heartland received a \$85,790 grant for Crisis Services in FY08. The agreement required that 80 percent of the

grant funding (or \$68,632) be used for salaries and benefits. Based on Heartland’s FY08 CFR, Heartland only spent \$58,679 on salaries and benefits allocated to the Crisis Services program, which is 68 percent of the grant amount.

- Heartland allocated \$145,492 in revenue to the Crisis Services program in FY08 (\$128,683 in DHS funding and \$16,809 from non-State revenue), as shown on Exhibit 3-4, but reported only \$93,779 in expenses for the program of which only \$82,507 was allowable. The excess revenue allocated to the Crisis Services program resulted from Heartland applying fee-for-service funding for the services it provided for this program. While DHS’ method of funding forces mental health providers to allocate fee-for-services billings to its grant programs, the grant agreement requires that the fee-for-service funding should not be submitted for the same services and activities funded by the grant. The grant agreement states, “...the Provider is not to submit fee-for service bills for the same services and activities funded by a capacity grant. That is, services and activities that are defined as fee-for-service . . . are to be billed as fee-for-service, while services and activities supported by capacity grants are not to be billed as fee-for-service.” The grant agreement requires that at least 80 percent of the Crisis Services grant “shall support salaries and benefits for the proportion of Provider staff time serving in this program by delivering services and related activities.” So either the DHS capacity grant for Heartland was too large, or Heartland allocated fee-for-service funding for services already covered by the capacity grant.
- As a result, in FY08 several of Heartland’s programs (Client Transition Subsidy, Psychiatric Medications, and SASS Flex) had expenditures that were less than the grant funds received. In these instances, Heartland was able to keep the funding due to DHS’ reconciliation process that has been used since FY05. This is discussed later in this chapter.

COMPLIANCE WITH GRANT AGREEMENT	
RECOMMENDATION NUMBER 2	<i>Heartland Human Services should ensure that its use of DHS grant funds complies with provisions of the grant agreement.</i>
HEARTLAND HUMAN SERVICES’ RESPONSE	<p>During the strike management staff covered crisis intervention services. Management staff salaries are not usually allocated to crisis for direct service. Heartland could have justify transferring these expenses via adjusting entries to the crisis program. This did not seem necessary since the Agency was in compliance with DMH’s overall reconciliation process.</p> <p>In the future Heartland will make such adjusting entries to further clarify compliance.</p>

Medicaid/Non-Medicaid Reporting

Based on our discussions with Heartland, as well as DHS officials, much of the difficulty in tracking and reporting the use of funding from DHS relates to the way the Medicaid and Non-Medicaid funding is allocated. In the funding agreement with Heartland, the Medicaid and Non-Medicaid funds are a specific grant program. Specifically at Heartland, the Medicaid and Non-Medicaid grant funds are used to support services such as Outpatient, Child and Adolescent Outpatient, Case Management, and Psychosocial Rehabilitation. These programs are not funded by any specific capacity grant by DHS. Expenditures for these activities are shown in the 2nd program column (“Medicaid/Non-Medicaid”) on Exhibit 3-4. However, the Medicaid and Non-Medicaid funds are also used to supplement other grant programs, as also shown in Exhibit 3-4.

Exhibit 3-5 compares the FY08 funding Heartland received by program with the funding and expenses reported in its annual audit. The major cause for the differences between the program funding amounts shown in the “Funding Provided” and “Funding Reported” columns is the use of the Medicaid/Non-Medicaid funds. As shown in the Exhibit, Heartland received \$621,328 for Medicaid and \$80,076 for Non-Medicaid in FY08. In its FY08 audit, those programs are combined, and the audit shows only \$241,914 in funding allocated to the Medicaid/Non-Medicaid grant program. However, as permitted by DHS, Heartland also used Medicaid/Non-Medicaid funding to supplement other programs, such as CILA and Crisis Services, which accounts for the higher “Reported Funding” amounts in Exhibit 3-5 than shown in the “Funding Provided” columns for those programs.

Exhibit 3-5 DIFFERENCES IN HOW STATE MENTAL HEALTH PROGRAM FUNDING IS PROVIDED AND HOW IT IS REPORTED FOR MONITORING BY DHS Fiscal Year 2008			
Programs from Heartland’s Grant Agreement	Funding Provided	Reported Funding ¹	Reported Expenses
MH Medicaid	\$621,328	\$241,914 ³	\$602,251
MH CILA	\$308,523	\$526,184	\$744,879
Psychiatrist Services in MHC	\$145,809	\$145,809	\$228,317
Crisis Services	\$85,790	\$128,683	\$93,779
MH Non-Medicaid	\$80,076	- ²	- ²
Gero-Psychiatric Services	\$65,476	\$71,970	\$87,152
SASS Flex	\$12,988	\$30	\$30
Client Transition Subsidy	\$7,980	\$0	\$0
Psychiatric Medications	\$6,000	\$2,451	\$2,451
Special Projects	\$2,851	\$2,851	\$9,516
Total	\$1,336,821	\$1,119,892	\$1,768,375

Notes:

¹ Funding reported in the FY08 annual audit does not include funding received by Heartland that was not expended at the completion of the audit.

² Non-Medicaid was combined with Medicaid when reported in the FY08 Consolidated Financial Report.

³ Some of the Medicaid funding received by Heartland was allocated to, and used by other grant programs, such as MH CILA and Crisis Services.

Source: Contract and expenditure documentation provided by DHS and Heartland’s FY08 annual audit.

Since financial reporting to DHS was not done by the program titles that were listed in the grant agreement, it is not possible for DHS to determine whether Heartland met performance and allowable cost requirements by program as required by the grant agreement. In order to determine how DHS monitors compliance with contracts and grant agreements, DHS officials were asked how they determine what is spent by program. A DHS official agreed that it is not possible to track spending by program. This appears to be a Statewide issue and is something that is not being monitored adequately by DHS.

Capacity Grant Expenditures

DHS does not require mental health providers to submit expenditure reports that document how grant funds were expended. As a result, DHS does not have any specific support for how the grant funds were expended. For example, many of the grants require that at least 80 percent of the grant funding shall be used to support salaries and benefits. Without these grant activity reports, it is unclear how DHS monitors this requirement. Even though the grant and fee-for-service expenditures are lumped together in the annual audit, we determined that this requirement was not being met in FY08 for Crisis Services. The grant was for \$85,790 while the expenses for salaries and benefits were \$58,679 or 68 percent of the grant amount. According to DHS, the annual audit does not identify which expenditures are associated with the grant and which are associated with the fee-for-service billings.

FISCAL REPORTING	
RECOMMENDATION NUMBER 3	<i>The Department of Human Services should require mental health providers to submit program specific grant expenditure reports to ensure that expenditures are in compliance with the grant agreement.</i>
DEPARTMENT OF HUMAN SERVICES' RESPONSE	Agree. Beginning with the FY '09 closeout and continuing for FY '10 the Division of Mental Health will require providers to submit program specific grant expenditures to ensure compliance with the grant agreement.

Heartland's Database

Although DHS does not reimburse Heartland for individual DMH services provided, Heartland maintains documentation on individual services provided and submits it to DHS. We identified possible duplicate service entries in Heartland's database and determined that case notes should be documented more thoroughly.

We analyzed mental health and alcohol and substance abuse service billing data provided by Heartland to DHS. Even though Heartland is not paid on a fee-for-service basis for mental health, we tested these billings for duplicate entries. We looked for duplicate entries by comparing 10 fields (see chart to

DUPLICATE FIELDS IDENTIFIED FOR TESTING	
Recipient ID	Program Code
Service Date	Activity Code
Service Type	Location Code
Site Code	Duration of Service
Unit Code	Approved Amount Dollars

the right). If all 10 fields matched, we determined that it could be a duplicate. We identified 27,687 potential duplicates from FY07 and 1,891 from FY08. We selected 10 sets of potential duplicate entries (23 individual services) from FY07 and 9 sets of potential duplicates (19 individual services) from FY08 to review.

From our review, we did not find any potential duplicates from our FY08 sample. However, from the FY07 sample, we identified two sets of services that were possible duplicates (out of 10 sets of possible duplicates). The two sets of possible duplicates included:

- two 30 minute case management billings for “obtaining medication at pharmacy and took medication to client’s home.” These 30 minute services were for the same client and were billed twice in one day, one at 9:30 am and one at 12:00 pm; and
- two one-hour trips were billed to accompany the same individual to the grocery store to help budget and buy healthy food. The trips were billed twice in one day, one at 9:00 am and one at 4:00 pm.

Other than the case notes we reviewed, which did not contain the necessary information to show whether or not these were duplicate entries, Heartland officials had no other documentation and were not sure whether these were duplicate or whether the services were actually performed twice in one day. We determined that Heartland employees need to be more specific when documenting services provided in the case notes.

We also found an instance of potential over-reporting for services from our FY07 sample. The instance involved two 30 minute phone calls. On the same day for the same client, two calls were placed between 10:00 am and 11:00 am to inform nurses at two locations of the client’s lab results. As a result, two billings for case management services were submitted both having a duration of 30 minutes. Heartland officials noted that the calls may have lasted that long, but would not have been only about that client’s results.

We reviewed 15 billings from FY07 through the end of FY08 to determine whether Heartland had documentation to support the service. In all 15 instances, we either found the support in the electronic case notes, or Heartland was able to provide hard copy documentation.

We also tested 20 DHS Mental Health fee-for-service billings. We randomly selected 10 billings each for FY07 and FY08. We reviewed the client name, service date and case notes in Heartland’s electronic case files against the data provided by DHS to ensure the services were provided. No exceptions were noted.

HEARTLAND'S CASE NOTES	
RECOMMENDATION NUMBER 4	<i>Heartland Human Services should ensure that electronic case notes contain enough detailed information to support the hours and activities billed.</i>
HEARTLAND HUMAN SERVICES' RESPONSE	<p>Heartland Human Services has prepared a Plan of Correction (POC) and submitted this to the Department of Mental Health. The Plan of correction was approved on 12/30/2008 and is attached to this response.</p> <p>It should be noted that certain billing codes will generate the same activity code although different activities are being provided under the service code. Some services might reasonably occur more than once per day. Examples include medication training, therapeutic behavioral services, case management and PSR. There is a discreet code for each of these services which cover many different activities. Generally activity notes will be specific enough to distinguish between different activities billed under the same code. It should also be noted that striking workers were responsible for the potentially duplicate entries for FY 2007.</p>

Monitoring Conducted by the Division of Mental Health

The Mental Health Program Manual and grant agreement have very few monitoring requirements. Both contain a list of activities that the Department's monitoring "may consist of." However, none of the activities are required and nothing delineates the frequency of the reviews to be conducted.

Although documented requirements for monitoring were limited, DMH provided documentation of numerous monitoring activities during fiscal years 2007 and 2008. From our review of the documentation provided by DMH, it appears the DMH was in frequent contact with Heartland and monitored the strike as necessary. According to a DMH official, Heartland was in compliance with all notifications and reporting requirements. The documents provided by the Division of Mental Health consisted of the following:

Service and Expenditure Reporting

- FY07 and FY08 Monthly Service Billing Reports which document the number of services provided by program;
- FY07 and FY08 All Accepted Services Reports and Clients Served Reports for Heartland which document the number of clients serviced by program; and
- FY07 and FY08 grant reconciliation documentation.

Correspondence

- DMH Monthly Technical Assistance Ledger for FY07 and FY08 which is used by DMH to monitor the percent of Medicaid billings and used to identify and document problems discussed with the providers;
- Numerous e-mails between DMH officials and Heartland officials regarding the labor strike and its services;
- Documentation of correspondence between DHS and Heartland on adjusted contract funding amounts including preparation and review of a liquidation plan;
- Monthly Personnel Reports submitted to DMH for review after the strike began; and
- Monitoring by DMH of consumer complaints regarding Heartland.

Site Visits

DMH had contact with Heartland on several occasions after the strike began. According to a DMH official, a meeting was held with Heartland’s Executive Director on August 13, 2007. Additionally, site visits were conducted on October 3, 2007 and December 10, 2007.

A Post Payment Review was conducted on October 6, 2008, covering the time period of October 19, 2007 to June 11, 2008. Heartland scored a 22 percent out of 100 percent on the Post Payment Review. According to DHS officials, this score is at the higher end of scores received by similar providers. The majority of scores among similar providers were between 15-25 percent. This review looked at bills submitted by the provider to see if they are in compliance with 59 Ill. Adm. Code 132 *et. seq.* This rule sets forth criteria needed in client individual treatment plans (ITPs) and corresponding billings in order to obtain Medicaid reimbursement. The 22 percent score is figured based out of 100 billings reviewed; 22 of them did not have any of the deficiencies being tested. Some bills contained more than one deficiency. Areas with high deficiencies included the following:

- 61 Mental Health Assessments did not contain all required elements;
- 27 ITPs did not include a description of the interaction that occurred during the service delivery, including the consumer’s response to clinical interventions and progress toward attainment of the goals;
- 10 ITPs did not have the specific service authorized; and
- 8 ITPs were not timely or were not in effect at time of service.

According to DHS, DHS/DMH evaluated the Post Payment Review policies and procedures and made changes to the process. These changes specifically affected Heartland’s original score as three elements of the review were identified as “procedural deficiencies” which will be tracked and approved upon but the claims are not disallowed. According to DHS officials, Heartland’s score was revised to 73 percent.

According to DHS officials, originally the State was going to recoup the money related to this review, from all providers. However, according to DHS officials, as of February 26, 2009 DMH had determined not to recoup these funds from providers like Heartland due to concerns about the fiscal stability of mental health providers statewide. DHS officials noted that the State

budget for community mental health providers incurred a \$19.7 million veto reduction and a \$22 million funding reserve for fiscal year 2009. The Division of Mental Health deemed it prudent to adjust the Medicaid claim for services identified as deficient but allow the providers to retain the funds. DHS provided auditors with a copy of Heartland's response to the Post Payment Review dated November 17, 2008. Heartland's response listed improvement activities, person(s) responsible, time frames, expected outcomes, and achievement dates.

A Clinical Practice Review was conducted on October 8, 2008, covering the time period of October 1, 2007 to September 30, 2008. The review is considered to be a guiding and shaping practice tool used by DHS for the providers. This review of Heartland found numerous issues with Individual Treatment Plans. The issues tested included if the ITP is individualized to the consumer, is consumer driven, and if there is documentation that the provider is assisting the consumer with moving him/her away from the provider as his/her primary support system and toward natural supports in the community. Heartland was required to submit a response to this review, which identified improvement activities, person(s) responsible, time frames, expected outcomes and achievement dates. DHS officials said that Heartland scored average in comparison to other similar providers.

Monitoring Conducted by the Office of Contract Administration

Due to the way DHS' Office of Contract Administration reconciles the funding DHS provided to mental health providers, providers such as Heartland have been allowed to keep mental health funding that was not reported as expended. DHS officials stated that the method of reconciliation used by the Department is due to its attempt to comply with the provisions of the FY05 MOU. Since FY05, DHS' reconciling of funding provided to mental health providers has not met the requirements of the Illinois Administrative Code or the grant agreements. Additionally, DHS continues to reconcile based on special instructions that were used for completing the FY05 grant report. Since FY05, the Department of Human Services/Division of Mental Health has been working on converting mental health providers from being funded through grants to being funded by fee-for-service. Although DHS/DMH has been working on the conversion since FY05, the conversion has not been implemented as of the end of the audit. As a result of the planned conversion in FY05, DHS/DMH has not required mental health providers to reconcile total eligible expenses by program as required by 89 Ill. Adm. Code 511.10(a) or as required by the FY08 grant agreement.

Reconciliation of Mental Health Funds

The Administrative Code requires reconciliation by comparing eligible expenditures to total grant revenues by **program**. The FY08 grant agreement requires that reconciliation "must be done by each individual program as specified on the cover sheet of the Provider's contract." The programs specified on the cover sheet are those found in Exhibit 2-2. In FY05, DHS/DMH adopted Supplemental Instructions for Completing the Grant Report for Fiscal Year 2005 (see Appendix C). These instructions notified providers that the Office of Contract Administration (OCA) would aggregate program expenses into a single sum and compare it to total revenue minus Medicaid and purchase of service. The Instructions noted:

For FY05, provider total eligible expenses contained in the Mental Health Attachment B will be reconciled to the total Mental Health revenues for services contained in Mental Health Attachment B without regard to the individual program service lines, consistent with the Illinois Grant Funds Recovery Act, excluding any purchase of service programs.

According to DHS officials, DHS continues to reconcile mental health funding **in total** and not by program, and therefore, reconciliation by program is not possible. DHS officials noted that this issue was not Heartland specific. Officials noted that this would be true to all mental health providers statewide.

The Department of Human Services’ Office of Contract Administration is responsible for reconciling mental health providers’ program expenses. The reconciliation is based on annual audit information submitted to OCA by Heartland. Heartland is required to submit its annual Consolidated Financial Report (CFR) to DHS within timelines specified by DHS. According to DHS officials, Heartland submitted its CFRs timely in both FY07 and FY08. The FY07 CFR was due December 31, 2007, and was received from Heartland on December 28, 2007. The FY08 CFR was due December 31, 2008, and was received from Heartland on December 17, 2008.

We reviewed Heartland’s FY07 and FY08 reconciliations completed by Contract Administration. The document shows that DHS calculated Heartland’s allowable expenses at \$1.9 million and calculated DHS payments to be \$937,120 for FY07. In FY08, OCA calculated Heartland’s allowable expenses to be \$1.1 million and calculated DHS payments to be \$944,942. During our review, we determined that OCA **did not include allowable expenses for Medicaid in the FY08 reconciliation as it did in the FY07 reconciliation**. According to DHS, because Heartland changed the way they reported their expenses between FY07 and FY08, Medicaid expenses were not included in OCA’s FY08 reconciliation. According to Heartland officials, Heartland changed its manner of reporting in an effort to more closely comply with Departmental regulations for completing the CFR.

During our review, we determined that for the reconciliation, DHS subtracts **Medicaid payments** and Purchase of Care from the DHS Payments line, but includes **expenses for Medicaid** when calculating the allowable expenses. As a result, DHS is not comparing like figures and providers in most instances will have expenses greater than revenue for mental health programs. DHS officials were aware of this and noted that the reconciliation is done this way so DHS did not have to recover funding from providers while the fee-for-service conversion was occurring.

DHS’ position is that their current method of reconciliation is consistent with the provisions of the MOU and that they are not able to recapture the excess funds for mental health services identified and comply with the intent of the MOU. In FY04, the last year before some of the funding provided to providers became fee-for-service, reconciliations performed by the Office of Contract Administration resulted in mental health providers Statewide repaying \$711,439 and having their grants for the following fiscal year reduced by \$1,275,184. Based on documentation provided by OCA, little money has been recouped from providers since FY05 when the change in the reconciliation process occurred. In the time period between fiscal years

2005 through 2007, Heartland had “unearned income” from State moneys totaling \$490,883. While it is clearly not the intent of DHS to recoup all of the “unearned income” providers have realized as a result of the conversion to fee-for-service funding, this method of reconciliation may be resulting in providers retaining funding which is truly excess, and which has not been spent in accordance with the grant agreement, and which should be returned to the State.

Calculation of Interest on DMH Funding

Heartland’s FY07 reconciliation documentation provided by DHS’ Office of Contract Administration did not show that Heartland earned any interest on the \$2,364,960 in funding received for mental health programs. The Grant Funds Recovery Act requires that interest earned on grant funds held by a grantee shall become part of the grant principal. Since DMH funding in FY07 was 71 percent of Heartland’s total funding, it would be expected that a portion of the \$65,018 of interest earned would be from DMH funds.

As seen in Exhibit 1-6, in the beginning of FY08, DHS provided Heartland with mental health funding for several months while Heartland was providing very few services. As a result, Heartland would have accrued interest on these funds; however, Heartland did not report that any of the \$48,634 in interest earned in FY08 was from DMH funds. To determine whether other mental health providers were reporting interest earned to DHS, we reviewed the FY08 reconciliation documentation for 10 providers that received similar funding amounts from DMH. We determined that of the 10, only 2 providers reported earning any interest on their FY08 mental health grant funding.

MENTAL HEALTH GRANT RECONCILIATION	
RECOMMENDATION NUMBER 5	<p><i>The Department of Human Services should:</i></p> <ul style="list-style-type: none"> • <i>ensure that the grant agreement delineates the actual reconciliation process that will be used, and ensure that the process used is in compliance with the Grant Funds Recovery Act; and</i> • <i>require mental health providers to report interest earned on mental health grants in order to ensure that the interest is either recovered or becomes part of the grant principal as required by the Grant Funds Recovery Act.</i>
DEPARTMENT OF HUMAN SERVICES’ RESPONSE	<p>Agree. Beginning with the FY ’09 grant closeout, the Division of Mental Health will work with the Office of Contract Administration to ensure compliance with the Grant Funds Recovery Act. The Division of Mental Health will also work with the Office of Contract Administration to ensure that interest earned on grant funds is properly reported as required by the Grant Funds Recovery Act.</p>

Monitoring Conducted by the Bureau of Accreditation, Licensure, and Certification

The Department of Human Services’ Bureau of Accreditation, Licensure, and Certification (BALC) conducted a site visit from October 6 through October 9, 2008, of the CILAs and a sample of current client records on file. Heartland received two separate scores on the BALC Survey Report Form. Heartland received a 97 percent for the CILA portion and all three CILA sites were visited. Heartland scored 75 percent on the Medicaid Community Mental Health Services portion. According to a BALC official, these scores are average in comparison to providers similar to Heartland. Deficiencies noted in the Medicaid Community Mental Health Services portion related to 59 Ill. Adm. Code 132 *et. seq.* A few examples of the deficiencies included sections of the Individual Treatment Plans (ITPs) not being filled out or filled out properly, not being reviewed in a timely fashion, or not being present in client files at all. In addition, Mental Health Assessments were also found to not always support all of the goals in the ITPs.

Since Heartland scored below 80 percent on the Medicaid portion, Heartland was required to submit a Plan of Correction, which was received and approved by BALC on October 30, 2008. Heartland’s Plan of Correction included dates the areas cited would be corrected by, how the systemic problem would be corrected, the staff responsible for making corrections, and how Heartland will determine whether the corrections were successful.

BALC also conducted a complaint investigation on February 7, 2008, which consisted of a review of 20 client records. It was alleged that Heartland was asking clients to sign documents “under false pretenses.” According to the investigation report, Heartland officials believed this investigation was a result of complaints that were coerced from clients in violation of HIPPA rules and regulations and various other State and federal rules, regulations and statutes pertaining to client confidentiality. This complaint investigation resulted in three violations. The violations involved 59 Ill. Adm. Code 132. Specifically, the violations cited were:

- in 4 records there was not a current ITP on file;
- in 4 records there was no documentation showing that consumers received services at the frequency level stated on the ITP; and
- in 4 records there was no six month review of the ITP.

Heartland submitted a Plan of Correction and noted that the violations were a result of the work stoppage due to the strike and was not due to a systemic problem. Heartland’s Plan of Correction stated that the ITP information would be entered into the agency’s electronic medical record and in the event of a future workforce reduction, these violations would not occur.

DIVISION OF ALCOHOLISM AND SUBSTANCE ABUSE

DASA administers and monitors funding to a network of community-based substance abuse treatment programs. These programs provide a full continuum of treatment including outpatient and residential programs for persons addicted to alcohol and other drugs. Persons with specialized needs such as pregnant women, women with children, and injecting drug users are given priority.

Use of Alcoholism and Substance Abuse Funds

Compared to FY07, Heartland provided far fewer Global program services in FY08. Heartland’s billing submitted to DHS for Division of Alcoholism and Substance Abuse programs shows that Heartland billed for providing assessments, case management, Level I outpatient treatment, and intervention services. Level I outpatient treatment is non-residential substance abuse treatment consisting of face-to-face clinical services for adults and children. Exhibit 3-6 shows the units of service provided by Heartland and the amount of funding received by service for FY07 and FY08.

Exhibit 3-6 FY07 AND FY08 GLOBAL PROGRAM SERVICES PROVIDED BY HEARTLAND HUMAN SERVICES				
	FY07		FY08	
	Units (hours)	Total Billed	Units (hours)	Total Billed
Assessment	188	\$11,912	19.5	\$1,236
Case Management	82	\$3,828	1	\$47
Level I Outpatient -Individual	1,135.25	\$68,478	76.75	\$4,630
Level I Outpatient -Group	2,007	\$45,760	38	\$866
Level I Outpatient -Psychiatric Evaluation	4	\$316	2	\$158
Intervention Services -Individual	1	\$60	0	\$0
Intervention Services -Group	4	\$91	0	\$0
Intervention Services -Community	305.25	\$13,907	78.75	\$3,588
Totals	3,726.5	\$144,352	216	\$10,525
Note: Totals may not add due to rounding.				
Source: DARTs report provided by DHS.				

Compared to FY07, Heartland provided far fewer DASA services during FY08. In FY07, Heartland provided 3,727 hours of services totaling \$144,352. In FY08, Heartland provided just 216 hours of service totaling \$10,525. The decrease in FY08 services can be attributed to the July 2, 2007 strike. The employees that provided the DASA services went on strike and Heartland did not hire a new counselor until March 2008.

Monitoring Conducted by the Division of Alcoholism and Substance Abuse

The Division of Alcoholism and Substance Abuse monitors earnings for the Global program by requiring Heartland to submit information for the services it provides on a monthly basis. The services are reported through the Department's Automated Reporting and Tracking System (DARTS). Advance-and-reconcile payments are made monthly and are generally 1/12th of the total grant amount. Additional reports are also produced that summarize units of service provided by month.

The Global program is reconciled by comparing eligible services delivered with the services projected. According to 89 Ill. Adm. Code 511.10(b), this method compares the actual eligible services delivered to the services projected in the contract or agreement. This method of payment is subject to the Grant Funds Recovery Act, which requires repayment of unused funds and requires that interest earned becomes part of the grant principal.

In FY07, Heartland received \$168,325 from DASA. Of the \$144,352 billed by Heartland, DHS accepted \$141,774. After reconciliation, Heartland returned \$26,551. In August 2007, DHS advanced Heartland \$31,130 for its FY08 DASA programs. Heartland also received an additional \$206 in December 2007. Since Heartland only billed \$10,524 during FY08, DHS officials noted that the \$20,606 in unused funds will be withheld from Heartland's FY09 funding. DASA did not require Heartland to calculate interest earned on the \$31,130 in advance funds that it held for more than 10 months; as a result, no interest was repaid to DASA.

The Special Project program was also reconciled to actual expenditures. DASA provided copies of receipts that were used to approve the \$1,369 in FY07 and the \$206 in FY08. The expenditures were for travel costs to attend Strengthening Treatment Access Retention State Implementation (STAR-SI) meetings.

In addition, DASA and Heartland exchanged numerous e-mails relating to the strike and Heartland's ability to provide DASA services. The e-mails included a notice by Heartland on June 28, 2007, of the impending strike. The e-mail was from Heartland's Executive Director and stated that she had been notified that the strike would begin on July 2, 2007, at 8:15am.

DASA performed a post-payment audit of Medicaid and grant/fee-for-service billings on June 16, 2008, for services provided during FY07. No recoupable deficiencies were identified during the audit. DASA also performed a post-payment audit of Heartland's Alcoholism and Substance Abuse Treatment and/or Intervention Services program(s) on November 1 and 2, 2007. This audit covered FY06 billings. DASA identified \$674 in billings subject to recoupment.

Site Visits

DASA conducted a site visit on July 21, 2008. The report included a narrative detailing deficiencies along with an overall score. Heartland received a score of 89 percent, which according to DASA officials is very good. Deficiencies noted included: not providing employee orientation within seven days, not retesting staff who had an initial tuberculosis skin test, not publicizing that pregnant women are given priority, and not compartmentalizing the four gas

furnaces in one-hour enclosures. According to DASA, Heartland has corrected all deficiencies noted.

We randomly selected and tested 20 billings for DHS/DASA (10 each for FY07 and FY08) to ensure the services were provided. In four of the FY07 files tested, no information could be found in Heartland's electronic files. However, Heartland staff was able to pull the hard copy files and verify that the services were provided.

Also, in FY07, four of the DASA billings tested from the data provided by DHS contained client names. According to Heartland staff, DASA billings with activity codes 33 (Case Finding) or 34 (Crisis Intervention) should not have names associated with them because client names are not submitted with the billings. We analyzed all of Heartland's FY07 DASA billings in the data provided by DHS and determined that there were 261 bills that contained client names. We reported this to DHS, and a DHS official responded that the FY07 data provided to the auditors "had incorrectly posted names associated with case finding and community intervention." DHS also noted that it was a program error and was corrected for FY08.

In FY08, four of the DASA files sampled from the data provided by DHS did not have information contained in Heartland's electronic system. For two of the four, Heartland staff was able to pull the hard copy files and verify that the services were provided. However, for the remaining two, Heartland staff provided what was electronically submitted to DHS. None of the information submitted by Heartland to DHS showed that Heartland actually billed for these two services. We reported these two exceptions to the Department of Human Services and DHS noted that it was a problem with the extract that was prepared for the auditors.

DIVISION OF REHABILITATIVE SERVICES

The Division of Rehabilitative Services (DRS) oversees programs serving persons with disabilities that include vocational training, home services, educational services, advocacy information and referral. Also provided are a variety of services for persons who are blind, visually impaired, deaf or hard of hearing.

Use of Rehabilitative Services Funds

In FY08, Heartland Human Services did not provide any Division of Rehabilitative Services' Supported or Extended Employment program services. In FY07, Heartland provided Supported Employment services to an average of 10 clients each month. There were 14 clients during FY07 that received Supported Employment services. As seen in Exhibit 3-7, Heartland provided 1,223 hours of service and was paid \$46,682 for Supported Employment.

In FY07, Heartland provided Extended Employment services to six clients. Heartland provided 740 hours of service and was paid \$27,887 for Extended Employment. The employees that administer the Supported and Extended Employment programs went on strike on July 2, 2007, and as a result, Heartland did not provide any services for these programs during FY08.

Exhibit 3-7 FY07 AND FY08 SUPPORTED EMPLOYMENT PROGRAM SERVICES PROVIDED BY HEARTLAND HUMAN SERVICES				
	FY07		FY08	
	Units (hours)	Total Paid	Units (hours)	Total Paid
Supported Employment	1,222.5	\$46,682	0	\$0
Extended Employment	739.5	\$27,887	0	\$0
Totals	1,962	\$74,569	0	\$0
Source: Billing data summarized by the OAG.				

Monitoring Conducted by the Division of Rehabilitative Services

DHS monitors expenditures for the Supported Employment and Extended Employment programs by requiring Heartland to submit information for the services it provides on a monthly basis. These Group Billing Sheets are provided in hard copy and list the name of the client and the number of service units provided. The sheets are submitted monthly for each program.

The Supported and Extended Employment programs are reconciled by comparing eligible services delivered with the services projected. According to 89 Ill. Adm. Code 511.10(b), this method compares the actual eligible services delivered to the services projected in the contract or agreement. This method of payment is subject to the Grant Funds Recovery Act, which requires repayment of unused funds and requires that interest earned becomes part of the grant principal.

In FY07, Heartland received \$50,389 from DRS for the Supported Employment program. Heartland submitted billings totaling \$46,682. After reconciliation, Heartland returned \$3,707. In FY07, Heartland did not receive advance payments from DRS for the Extended Employment program that totaled more than its billings. In FY08, Heartland received \$31,690 in advance payments from DRS. These payments were received in August and October 2007. Heartland did not provide any supported employment services in FY08, and after reconciliation repaid the \$31,690 on July 10, 2008. Like the DASA Global advance funds, DRS did not require Heartland to calculate interest earned on the \$31,690 in advance funds that it held for more than nine months; as a result no interest was repaid to DRS.

INTEREST EARNED ON DASA AND DRS GRANT FUNDS	
RECOMMENDATION NUMBER 6	<i>The Department of Human Services should ensure that providers who received funding from either DASA or DRS calculate and repay interest earned on grant funds as required by the Grant Funds Recovery Act.</i>
DEPARTMENT OF HUMAN SERVICES' RESPONSE	<p>Agree. The Division of Alcohol and Substance Abuse (DASA) will review and update their reconciliation procedures to ensure the inclusion of interest accrued from advance payments. DASA will reconcile payments as outlined in the Community Services Agreement and Grant Funds Recovery Act.</p> <p>Beginning in FY09 the Division of Rehabilitation Services moved to a payment for services model to avoid accruing interest on grant funds.</p>

The Division of Rehabilitative Services' Procedures Manual requires monitoring of programs through monthly performance monitoring (noted above), site visits, billing reviews, and group billing reviews using random sampling. According to DRS officials, monthly performance monitoring is conducted by reviewing the Group Billing Sheets that are submitted by Heartland monthly. A site visit was conducted in April 2008. However, since no services were provided and no funding was expended by Heartland, there was nothing to review. Documentation of a Group Billing review was provided from January 2007. The reviewer found that the services are well documented and noted no concerns. According to a DRS official, quarterly group billing reviews using a random sample were not done due to additional assignments and vacant staff positions.

We tested 20 billings (10 each) for Supported Employment and Extended Employment services programs for FY07. We randomly selected the billings tested. We verified that the hours billed to DHS had services performed, by comparing the case notes and service hours contained in the Heartland files. No exceptions were noted.

DIVISION OF COMMUNITY HEALTH AND PREVENTION

Heartland Human Services receives funding from the Division of Community Health and Prevention to deliver substance abuse prevention services. The funding is used to work with coalitions and communities to create strategic plans for alcohol, tobacco, and other drug prevention. The services provided include: tutoring, life skills training, parent education, mentoring, communication campaigns, youth prevention education, assistance provided to a school to adopt a Student Assistance Program, and/or working with a coalition to advance public policy and the enforcement of policy to reduce underage drinking and tobacco use.

Use of Community Health and Prevention Funds

Heartland’s substance abuse prevention services were not affected by the labor strike. The individual that is responsible for the services did not go on strike. As seen in Exhibit 3-8, services remained fairly constant during each of the last two fiscal years. Our review of DHS Division of Community Health and Prevention documents show that for FY07 and FY08, Heartland met its projected hourly goal.

Exhibit 3-8 ADDICTION PREVENTION COMPREHENSIVE SERVICE HOURS PROVIDED AND UNDUPLICATED PEOPLE SERVED Fiscal Year 2007 and 2008				
Program	Total Hours Delivered		Unduplicated People Served	
	FY07	FY08	FY07	FY08
Professional Development	40	40	0	0
Mandatory DHS meetings/conferences	31	24	0	0
Work plan development	50.5	51	0	0
Consultation using the Illinois Strategic Prevention Framework	92	93	3	22
Sustainability of evidence based programs and environmental strategies	66.5	50	4	2
Botvin Life Skills Training Middle Grade Curriculum	556	570	239	191
Professional Development	20	21	12	0
Networking/Information Sharing	81	80	25	174
Peer/Youth Leadership Program	115	116	189	187
Information Dissemination (written, electronic, etc.)	32	30	15	100
Speaking Engagements/Presentations	31	31	48	267
Totals	1,115	1,106	535	943

Source: Heartland's FY07 and FY08 OnTrack Report provided to DHS.

Heartland’s annual audit shows Heartland received \$50,095 in revenue for both FY07 and FY08 for addiction prevention comprehensive services. The audit shows actual expenses of \$61,872 in FY07 and \$62,181 in FY08. Exhibit 3-9 shows Heartland’s Division of Community Health and Prevention revenue and expenditures for fiscal years 2007 and 2008.

Exhibit 3-9 HEARTLAND'S DIVISION OF COMMUNITY HEALTH AND PREVENTION REVENUE AND EXPENDITURES Fiscal Years 2007 and 2008		
	FY07	FY08
State Revenue:	\$50,095	\$50,095
Expenditures:		
Salaries and Wages	\$38,967	\$38,498
Employee health and retirement benefits	6,413	7,347
Payroll taxes	2,591	2,512
Worker's compensation insurance	600	620
Administrative consultants	1,682	2,845
Consumable supplies	468	172
Occupancy	1,755	1,675
Interest expense	1,406	1,302
Local Transportation	1,357	1,293
Equipment purchases	311	267
Advertising	393	475
Telephone	361	322
Conferences and training	845	418
Membership dues & subscriptions	321	316
Other	1,052	867
Depreciation	3,350	3,252
Totals	\$61,872	\$62,181
Source: Heartland's FY07 and FY08 Financial Statements.		

Monitoring Conducted by the Division of Community Health and Prevention

DHS monitors Heartland's Addiction Prevention Services by requiring Heartland to submit Annual Work Plans and Annual and Semi-Annual Evaluation Progress Reports and by requiring quarterly reporting of service data. In addition, DHS conducted a site visit of Heartland on November 13, 2007.

All required monitoring reports were provided and appeared to be completed and submitted to DHS. Only two of the FY08 quarterly expenditure reports submitted by Heartland were dated and therefore, we could not determine whether the other two were submitted timely. None of the documents reviewed were date stamped by DHS upon receipt. The quarterly reports for FY07 and FY08 show that Heartland had expenditures that exceeded the funding provided by DHS for its Addiction Prevention program. The November 2007 site visit had no findings and required no action by Heartland. Although it is not required by the contract or program manual, auditors could not find specific dates and times of prevention services in any of the monitoring documentation provided by DHS. Heartland, however, provided Service Tracking Forms that detailed the date of the service, the service hours, the program, the location, and the population reached.

We randomly selected and tested 20 service reports for Division of Community Health and Prevention, Substance Abuse Prevention program, for FY07 and FY08 (10 each). We reviewed presentation preparatory notes, class curriculum, meeting notes, sign in sheets and satisfaction surveys in order to verify the activity was performed. No exceptions were noted.

EXPENDITURE TESTING

Based on our review of Heartland expenditures, Heartland is charging State programs for expenses that are not necessary or related to providing its State funded program services. These expenses were allocated by Heartland to State programs. Additionally, we found instances where Heartland lacked supporting documentation for certain expenditures.

The Department of Human Services has administrative rules that outline allowable and unallowable costs for DHS funds. According to 89 Ill. Adm. Code 509.20(a), expenses must be necessary and related to the provision of program services, must be reasonable to the extent that a given cost is consistent with the amount paid by similar agencies for similar services, must not be specified as not reimbursable, and must not be illegal. According to 89 Ill. Adm. Code 509.20(b), expenses not reimbursable include: compensation for members of the agency’s governing body; entertainment of persons other than individuals who receive services through the Department; fund-raising; gratuities; political contributions; and numerous others.

We obtained Heartland’s check register for FY07 and FY08 and judgmentally selected 67 expenditures for review. The expenditures reviewed included all credit card bills that were \$1,000 or greater. These credit card bills consisted of numerous expenditures.

We reviewed each of the expenditures and determined whether adequate documentation existed to support the expense was available. We also reviewed the expenditures to ensure that the total dollar amount from the supporting documentation was equal to the amount of the check. The total amount for the expenditures tested was \$672,462, of which \$511,892 was for a payoff of the CILA homes.

During our review, we identified \$6,523 in expenses that were not necessary or related to Heartland providing its State funded program services as outlined in 89 Ill. Adm. Code 509.20. We identified unallowable costs for compensation for members of the provider’s governing body and expenses related to entertainment of persons other than individuals who receive services. We also identified 7 instances where Heartland paid gratuities that were charged to State programs.

Heartland also did not have adequate documentation for a few of the purchases that were reviewed. These included bills for and hotel stays and toner cartridges.

HEARTLAND EXPENDITURES	
<p>RECOMMENDATION NUMBER</p> <p style="font-size: 2em;">7</p>	<p><i>Heartland Human Services should not allocate expenses to State grants that are not necessary or related to providing its State funded program services. Additionally, Heartland should ensure that appropriate documentation is maintained to support its expenditures.</i></p>
<p><i>HEARTLAND HUMAN SERVICES' RESPONSE</i></p>	<p>Heartland Human Services allocates expenses directly to programs incurring the expense or expenses benefiting all programs are allocated across programs using an allocation method. Heartland has sufficient revenues, not generated from state contracts to cover unallowable expenses. These are reported on the annual Consolidated Cost Report. Heartland will explore the possibility of developing another cost center to which unallowable expenses can be posted to avoid any confusion in the future.</p> <p>Heartland Human Services will amend its procurement procedures to require invoices or packing slips for all expenditures and will amend its process for booking hotel rooms for staff at various seminars and state sponsored meetings to include the requirement of a receipt for the hotel room.</p>

Chapter Four

OTHER STATE AGENCY USE AND MONITORING OF FUNDS

CHAPTER CONCLUSIONS

The Department of Public Health (IDPH), the Department of Healthcare and Family Services (HFS), the Department of Children and Family Services (DCFS), and the Midland Area Agency on Aging (for the Department on Aging) all conducted monitoring of Heartland during the audit period.

IDPH provides Heartland Human Services with two annual contracts (Ryan White and Housing Opportunities for Persons with AIDS (HOPWA)) that are used for support services for persons and families with HIV disease. Based on our review, it appears that the strike had little effect on the IDPH programs. According to IDPH officials, they were in contact with Heartland during the strike, and on March 13, 2008, IDPH conducted a site visit, finding that files were 97 percent correct which was rated by IDPH as “Excellent.”

Monitoring of HFS’ Screening, Assessment & Support Services (SASS) program was conducted for both FY06 and FY07. On April 14, 2008, the FY07 SASS Program Review was conducted to assess Heartland Human Services’ compliance with the requirements identified in the SASS Request for Proposal and the Handbook for Providers of Screening, Assessment & Support Services. The review gave Heartland Human Services high marks in the areas of Administrative Compliance and Client Transfers; however, Heartland received low marks in areas of Clinical Record – Community Stabilization and Clinical Record – Hospital. Heartland received an aggregate score of 71.8 percent compliant. This was an improvement from the 56 percent level of compliance from the FY06 review.

We requested the Medicaid Implementation Reviews from DCFS and were told by a DCFS official that the reviews were never done. However, when we contacted Heartland and requested the reviews, Heartland provided a copy of the January 2007 review it received from DCFS. Heartland noted the 2008 review was not conducted. The Infant-Parent Institute, Inc. conducted the 2007 review for DCFS. The review contained suggestions for improvement for Heartland. The issues identified in the report appeared to be related to clearly documenting patient need based on the problems identified in the evaluation.

The November 2007 review was conducted by the Midland Area Agency on Aging, which passed on funding from the Department on Aging. The review found that Heartland only had one area to be addressed. The only area identified in the review that Heartland needed to address was that a required Caregiver Assessment was not in the file for the GAP Filling Services case that was reviewed. Within a week, Heartland followed up with the client and the Assessment was completed. After the review, Midland’s correspondence to Heartland commended them on the Caregiver program and noted that the files were in order and were easy to follow.

During FY08, the Department of Healthcare and Family Services experienced problems with billings submitted by numerous providers after the providers were required to submit invoices with their NPI (National Provider Identifier) number instead of their provider number. As a result of the switch to NPI number, HFS had issues with its billing system and did not process any of Heartland's bills after January 30, 2008. In February 2009, auditors met with HFS officials to determine why HFS did not have any data for bills that had been sent to them by Heartland after January 30, 2008. While discussing this issue with HFS, HFS identified the problem and made the necessary correction for Heartland's billings. Since HFS did not know where 12 months' worth of hard copy bills from Heartland were located, Heartland was asked to resubmit the bills. According to HFS, numerous providers had this issue and HFS continues to try to resolve these issues.

Audit testing was performed on randomly selected billings for IDPH, HFS, and DCFS. The IDPH files were reviewed for proof of client eligibility, and for verification of payee name, client number, and amount. For HFS SASS billings, we reviewed the client name, service date and case notes in Heartland's electronic case files against data provided by DHS to ensure the services were provided. We also tested for duplicate bills for both SASS and Physician Services billings. We reviewed Heartland's electronic client data to verify client name, service date, service duration, type of therapy and case notes for DCFS billings. No exceptions were noted for any billings tested.

ILLINOIS DEPARTMENT OF PUBLIC HEALTH

The Illinois Department of Public Health (IDPH) provides Heartland Human Services with two annual contracts (Ryan White and Housing Opportunities for Persons with AIDS (HOPWA)) that are used for support services for persons and families with HIV disease.

Based on our review of the monthly expenditure reports and the FY07 Final Year Report of the Consortium, it appears that the strike had little effect on the IDPH programs. According to IDPH officials, they were in contact with Heartland leading up to the strike, and on March 13, 2008, IDPH conducted a site visit finding that files were 97 percent correct which was rated by IDPH as "Excellent." Additionally, the Effingham County HIV Care Consortium will not exist after these two current contracts end. IDPH reimburses Heartland Human Services on a monthly basis for amounts expended.

Use of Ryan White Grant Funds

Exhibit 4-1 shows the budgeted amounts and expenditures for Heartland's Ryan White program. The Ryan White grant year is from April to March. As a result, we looked at the grant year 2006, (which runs from April 2006 through March 2007); and the grant year 2007, (which runs from April 2007 through March 2008).

Exhibit 4-1 HEARTLAND'S RYAN WHITE PROGRAM BUDGET AND EXPENDITURES 2006 and 2007				
	2006 ¹		2007	
	Budget	Expenditures	Budget	Expenditures
Contractual Costs	\$20,696	\$19,996	\$20,596	\$20,596
Contractual Services	\$42,648	\$40,426	\$55,213	\$49,041
Direct Services	\$83,400	\$81,773	\$86,525	\$82,068
Equipment	\$5,390	\$4,753	\$500	\$0
Personal Services	\$118,924	\$110,705	\$96,924	\$92,934
Supplies	\$1,000	\$798	\$1,000	\$722
Travel	\$2,000	\$1,558	\$2,000	\$1,276
Totals	\$274,058	\$260,009	\$262,758	\$246,637

Note:
¹ For the Ryan White program, we looked at 2006 since 2008 for this program will not end until March 31, 2009.
 Source: Expenditure tracking documents provided by IDPH.

Use of Housing Opportunities for Persons with AIDS Grant Funds

Exhibit 4-2 shows the budgeted amounts and expenditures for Heartland's Housing for Persons with HIV/AIDS program. The HOPWA grant year is given on a calendar year. As a result, we looked at calendar year 2007 and calendar year 2008.

IDPH reimburses Heartland Human Services on a monthly basis for amounts expended. As a result, reconciliation occurs throughout the year as expenditures are submitted. Contractual services consist of emergency financial assistance, emergency housing, housing services, and mortgage assistance.

Exhibit 4-2 HEARTLAND'S HOUSING FOR PERSONS WITH HIV/AIDS BUDGET AND EXPENDITURES Calendar Years 2007 and 2008				
	CY07		CY08	
	Budget	Expenditures	Budget	Expenditures
Contractual Services	\$41,059.50	\$35,431.26	\$41,059.50	\$34,412.49
Administrative Costs - Contractual	\$3,090.50	\$3,090.50	\$3,090.50	\$2,589.57
Totals	\$44,150.00	\$38,521.76	\$44,150.00	\$37,002.06

Source: Expenditure tracking documents provided by IDPH.

Monitoring Conducted by the Department of Public Health

The Department of Public Health monitored Heartland's Ryan White and HOPWA programs through quarterly expenditure reports for the two year periods examined during the

audit. IDPH provided auditors with expenditure reports from the Ryan White grant years of April 2006 through March 2007 and April 2007 through March 2008. IDPH also provided expenditure reports for the HOPWA program for calendar years 2007 and 2008. In addition, the IDPH provided Heartland’s Half year and Final year reports, which are used to monitor both Ryan White and HOPWA.

Since Heartland is the lead agency in the Effingham Consortium for running the Ryan White and HOPWA programs, IDPH conducted a Quality Assurance Site Visit in March 2008. The report generated by this site visit scored Heartland at 97.5 percent, which is excellent, according to the IDPH. Twenty case files were reviewed and found to be well organized and complete. Overall the files were 97 percent correct on reviewed areas including containing client income documentation, face to face communication documentation, completed release form and documentation of HIV or AIDS eligibility.

Audit Testing

We tested 40 billings (20 each) for the Ryan White grant and the Housing Opportunities for Persons with Aids grant. We randomly selected 10 billings each for the HOPWA grant from CY07 and CY08. We also randomly selected 10 billings each for the two Ryan White grant periods April 1, 2006 – March 31, 2007 and April 1, 2007 – March 31, 2008. We reviewed the files for all 40 billings for payee name, client number, and amount paid. We also reviewed the files for proof of eligibility. No exceptions were noted.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

On a fee-for-service basis, the Department of Healthcare and Family Services (HFS) funds Heartland through the Screening, Assessment and Support Services (SASS) program to conduct pre-admission psychiatric hospitalization screenings to children and youth who are at risk of inpatient psychiatric hospitalization in Effingham County. HFS also pays Heartland for physician services provided by the Medical Director.

Use of Screening, Assessment and Support Services Funds

If parents, teachers, doctors, friends, police officers, etc. believe that a child may be in a psychiatric crisis that may result in hospitalization, a call can be placed to the 24-hour Crisis and Referral Entry Service (CARES) hotline. If the child meets the basic eligibility criteria, CARES will call the closest SASS provider to the location of the child. The SASS providers have 30 minutes to respond to the call from CARES and 90 minutes to arrive to

Exhibit 4-3 SASS SERVICES PROVIDED BY HEARTLAND HUMAN SERVICES		
FY	Number of Services	Amount Billed
FY07	256	\$27,936.84
FY08	51	\$6,910.27 ¹
Note: ¹ Does not reflect \$42,000 Access Payment received on September 12, 2007, and no data was provided after January 30, 2008. Source: SASS Data provided by HFS.		

conduct a crisis screening. The SASS provider completes a crisis assessment, provides crisis intervention and determines if community support is available to stabilize the child. The provider also works with the hospital medical team, family, and other interested parties to facilitate support services and hospital admission if needed.

According to documentation provided by HFS, SASS providers are responsible for providing services and assistance to family and youth for up to 90 days. SASS is expected to assist families with developing long term treatment plans to help avoid repeat crisis by facilitating the youth’s transition into longer term and more traditional treatment settings if needed. Exhibit 4-3 shows the number of SASS services conducted and billed by Heartland for fiscal years 2007 and 2008.

During FY08, the Department of Healthcare and Family Services experienced problems with billings submitted by numerous providers after the providers were required to submit invoices with their NPI (National Provider Identifier) number instead of their provider number. As a result of the switch to NPI number, HFS had issues with its billing system and did not process any of Heartland’s bills after January 30, 2008. In February 2009, auditors met with HFS officials to determine why HFS did not have any data for bills that had been sent to them by Heartland after January 30, 2008. While discussing this issue with HFS, HFS identified the problem and made the necessary correction for Heartland’s billings. Since HFS did not know where 12 months’ worth of hard copy bills from Heartland were located, Heartland was asked to resubmit the bills. According to HFS, numerous providers had this issue and HFS continues to try to resolve these issues.

Use of Physician Services Funds

Heartland’s Medical Director is a psychiatrist that provides services for Medicaid clients that are billed to HFS on a fee-for-service basis. These services include first time visits, medication monitoring for existing clients, and follow-up visits. Based on data received from HFS, it appears physician services provided by the Medical Director were not significantly affected by the strike. As seen in Exhibit 4-4, 428 services were provided in FY07 compared to 369 services (data received was only through May 2008) in FY08.

Exhibit 4-4 PHYSICIAN SERVICES PROVIDED BY HEARTLAND HUMAN SERVICES		
FY	Number of Services	Amount Billed
FY07	428	\$11,405.05
FY08	369	\$10,176.90 ¹
Note: ¹ Services provided by Heartland through May 30, 2008. Source: Data provided by HFS.		

Monitoring Conducted of SASS Program

Monitoring of the Department of Healthcare and Family Services’ Screening, Assessment & Support Services program was conducted for both FY06 and FY07. On April 14, 2008, the SASS Program Review for FY07 was conducted to assess Heartland Human Services’ compliance with the requirements identified in the SASS Request for Proposal and the

Handbook for Providers of Screening, Assessment & Support Services. The review gave Heartland Human Services high marks in the areas of Administrative Compliance and Client Transfers; however, Heartland received low marks in areas of Clinical Record – Community Stabilization and Clinical Record – Hospital. Heartland received an aggregate score of 71.8 percent compliant. This was an improvement from the 56 percent level of compliance from the FY06 review. Areas of concern in the FY07 review included:

- No Family Resource Developer (FRD) was on staff at Heartland during FY07;
- No follow-up appointment set up with child and the parent/guardian within 48 hours after initial screening;
- No evidence that SASS supplied the client’s parent/guardian with an emergency telephone number to access the SASS provider at all times; and
- No documentation that staff collaborated with the psychiatric treatment team to ensure discharge planning.

In response to these findings, Heartland Human Services was required to submit a written Corrective Plan addressing the concerns identified in the review within 30 days. Heartland submitted its Corrective Plan for review on July 9, 2008. An off-site follow-up review was required to be completed by the Department of Human Services (DHS) within 90 days. According to a DHS official, Heartland’s Corrective Plan addressed all of the concerns except the issue related to the hiring of a FRD. DHS could not provide auditors with documentation or with the date of the follow-up.

Audit Testing

We randomly selected 40 Screening, Assessment and Support Services and Physician Services claims, 10 each from fiscal years FY07 and FY08 for testing. We reviewed the client name, service date and case notes in Heartland’s electronic case files against data provided by DHS to ensure the services were provided. We also electronically sorted all SASS and Physician Services claims by name and service dates, in order to identify any duplicates from these two services. No exceptions were noted.

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

The Illinois Department of Children and Family Services provides Heartland Human Services funding to administer counseling in Effingham and surrounding counties. Children and families who have open cases with DCFS and who are approved for referral by designated DCFS staff are eligible for services.

Use of DCFS Funds

DCFS reimburses Heartland Human Services for billable services submitted on a monthly basis for authorized services provided by the program. In FY07, Heartland provided 76.75 units of service totaling \$4,056. There were no referrals made to Heartland during FY08.

Exhibit 4-5 shows the initial and final obligation amounts and expenditures for the contracts DCFS had with Heartland Human Services during FY07 and FY08.

Exhibit 4-5 FY07 AND FY08 DCFS CONTRACTS WITH HEARTLAND HUMAN SERVICES					
FY07 Initial Obligation	FY07 Final Obligation	FY07 Expenditures	FY08 Initial Obligation	FY08 Final Obligation	FY08 Expenditures
\$12,000	\$7,000	\$4,056	\$11,000	\$2,780.90	\$0
Source: Contracts received from Illinois Office of the Comptroller.					

When asked about the lack of services billed in FY08, Heartland officials explained that the DCFS agreement is a contract based on written referrals by the DCFS field office. DCFS officials stated that there were no referrals in FY08 to Heartland Human Services. When asked why there were no referrals in FY08, a DCFS official suspected the strike was the main reason and noted that he had no way of telling which individuals referred to other providers might have been referred to Heartland.

Monitoring Conducted by the Department of Children and Family Services

For FY07, the Department of Children and Family Services provided auditors with Monthly Medicaid/Non-Medicaid billing reports, quarterly program and contact reviews, a copy of a Contract Monitoring Summary Report from a review conducted on April 4, 2006, and copies of notification letters to Heartland of Medicaid Implementation Reviews to be conducted in January 2007 and January 2008.

When auditors requested the Medicaid Implementation Reviews from DCFS, a DCFS official noted that the reviews were never done. However, when we contacted Heartland and requested the reviews, Heartland provided a copy of the January 2007 review it received from DCFS. Heartland noted the 2008 review was not conducted. The Infant-Parent Institute, Inc. conducted the 2007 review for DCFS. The review contained suggestions for improvement for Heartland. The issues identified in the report appeared to be related to clearly documenting patient need based on the problems identified in the evaluation.

The Contract Monitoring Summary Report from April 2006 found that Heartland was at 100 percent compliance and required no corrective action plan.

Audit Testing

We randomly selected 10 DCFS services billed in FY07 by Heartland. In order to determine if the services were provided, we reviewed Heartland’s electronic client data to verify client name, service date, service duration, type of therapy and case notes. No exceptions were noted for FY07. There were no services billed during FY08.

DEPARTMENT ON AGING

The Illinois Department on Aging provides money to the Midland Area Agency on Aging which acts as one of 13 Area Agencies on Aging (AAAs). Area Agencies plan and coordinate services and programs for older individuals in their service areas. The AAAs receive funding from the Department on Aging and the AAA contracts with local agencies to provide services to older individuals who live in the community. In FY07 and FY08, the Department on Aging provided approximately \$2 million annually to Midland.

Use of Caregiver Funds

According to Midland, Heartland facilitates training and education requirements for caregivers. They listen to caregivers, conduct support groups for the caregivers, make home visits and phone calls. The support groups are provided monthly in the five-county area that Midland oversees. Heartland must make available, during designated times, its Caregiver Advisor, at the designated library. Heartland is involved with the networking coalitions from the five-county area. Exhibit 4-6 shows the number of units of service provided and the number of clients serviced by program during fiscal years 2007 and 2008.

Exhibit 4-6 UNITS OF CAREGIVER SERVICES PROVIDED BY HEARTLAND Fiscal Years 2007 and 2008				
Service	FY07		FY08	
	Units	Clients	Units	Clients
Caregiver Counseling (hours)	430	72	483	178
Caregiver Support Group (hours)	216	134	194	37
Caregiver Training & Education (hours)	1,361	142	1,810	374
Caregiver Information & Assistance (contacts)	1,792	679	2,680	968
Gap Filling Services (persons)	16	16	9	9

Source: Monitoring data provided by the Midland Area Agency on Aging.

The majority of the funding Heartland receives from Midland is used to pay personnel costs. Other reported costs include travel, equipment and supplies, and other. Exhibit 4-7 shows the costs broken out by program that Heartland reported to Midland for fiscal years 2007 and 2008. Midland also provided cost information for Gap Filling Services which all were reported in the “other” category. For FY08, Gap Filling Services paid for a chair lift, a ramp, medications, and utility bills.

Exhibit 4-7
HEARTLAND’S CAREGIVER PROGRAM EXPENDITURES
 Fiscal Years 2007 and 2008

	Counseling		Support Group		Training & Education		Information & Assistance	
	FY07	FY08	FY07	FY08	FY07	FY08	FY07	FY08
Personnel	\$9,449	\$12,074	\$7,165	\$8,711	\$14,135	\$19,176	\$7,503	\$8,784
Travel	\$497	\$727	\$798	\$1,167	1,089	\$1,591	\$0	\$0
Equipment and Supplies	\$2,250	\$0	\$2,250	\$0	\$5,499	\$953	\$2,897	\$1,836
Other	\$2,901	\$3,013	\$2,543	\$3,022	\$4,060	\$3,199	\$2,274	\$3,007
In-Kind	\$338	\$250	\$961	\$1,089	\$2,583	\$3,953	\$800	\$366
Totals	\$15,434	\$16,064	\$13,716	\$13,987	\$27,365	\$28,872	\$13,474	\$13,993

Note: Totals may not add due to rounding.

Source: Monitoring data provided by the Midland Area Agency on Aging.

Monitoring of Aging Funding Conducted by Midland

Heartland sends monthly reports to Midland that document expenditures by program. Midland makes a maximum of 1/12th payments to Heartland that are reconciled at the end of the year. Heartland also must provide Midland with its annual audit. Every three years Midland conducts an on-site fiscal review, with the last one being conducted in August 20, 2007. Heartland also sends monthly reports that document units of service provided. To monitor performance, Midland conducts a program review. The last review was conducted on November 7, 2007. Midland uses a monitoring tool that compares Heartland’s plan with what is actually being done. Additionally, Midland officials attend support groups, training and education workshops, and coalition meetings. Midland also receives minutes from these meetings on a monthly basis.

The November 2007 review conducted by Midland only had one area to be addressed by Heartland. The review found that a required Caregiver Assessment was not in the file for the GAP Filling Services case that was reviewed. Within a week, Heartland followed up with the client and the Assessment was completed. After the review, Midland’s correspondence to Heartland commended them on the Caregiver program and noted that the files were in order and were easy to follow. Midland also noted that the program was provided at a “high level of excellence.”

According to documentation provided by the Department on Aging, on August 12, 2008, the Director of Midland noted that “Heartland Human Services has continued to provide top quality service for our caregivers of older adults. They have stayed true to their grant proposal regarding services to be provided in each of our five counties....” Additionally, Midland noted it monitors Heartland’s programs regularly through financial and service reports, on site assessments, attendance at Heartland’s events, and through technical assistance. We reviewed the monitoring conducted by Midland and determined that Heartland was thoroughly monitored.

APPENDICES

APPENDIX A
HOUSE RESOLUTION NUMBER 1307



STATE OF ILLINOIS
NINETY-FIFTH GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

House Resolution No. 1307

Offered by Representatives John E. Bradley-Robert F. Flider

WHEREAS, Employees of Heartland Human Services in Effingham have been on strike since July, 2007; and

WHEREAS, These employees normally deliver crucial mental health and substance abuse services that are necessary for the health, welfare, safety, and quality of life of Heartland clients and all residents of Effingham County; and

WHEREAS, The State of Illinois, through the Department of Human Services and other State agencies, contracts with Heartland to provide those services; and

WHEREAS, Because of the strike, only a small fraction of normal services have been delivered over the past 10 months; and

WHEREAS, Data for the first 7 months of the fiscal year show that Heartland's billings were reduced by 96%, and the number of clients served was reduced by 71%; and

WHEREAS, Many former Heartland clients have reported that they have gone without services or have received insufficient services; and

WHEREAS, This lack of services has placed an unsustainable burden on Heartland clients and their families, to the point that one client committed suicide; and

WHEREAS, Over 25 behavioral health professionals formerly employed at Heartland signed a statement attesting that Heartland "demonstrated a disturbing lack of concern for the well-being of clients" and that the employees had themselves "felt the lack of respect that management had for employees who sought to serve those clients"; and

WHEREAS, Because of the lack of service delivery due to the strike, the Department of Human Services Division of Alcohol and Substance Abuse has discontinued grant payments to Heartland; and

WHEREAS, The money the Division of Alcohol and Substance Abuse has not paid to Heartland may be available to fund

increased service delivery by other providers in the area who are attempting to serve the former Heartland clients; and

WHEREAS, The Department of Human Services Division of Mental Health elected to continue to pay Heartland for the first five months of the fiscal year, despite the lack of service delivery; and

WHEREAS, The Division of Mental Health paid Heartland approximately \$200,000 monthly even though virtually no services were being delivered; and

WHEREAS, The Division of Mental Health has not been able to guarantee other mental health providers who are treating Heartland clients that they will be reimbursed for their expanded service delivery this year; therefore, be it

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that State agencies should steward State funding to ensure the maximum amount of services are delivered to the most clients possible; and be it further

RESOLVED, That the Auditor General is directed to conduct a performance audit of the State moneys provided by or through State agencies to Heartland Human Services under contracts or grant agreements in Fiscal Year 2007 and year-to-date 2008; and be it further

RESOLVED, That this audit include, but not be limited to, the following determinations:

(1) the purposes for which State moneys were provided to Heartland Human Services, for

each State agency and for each amount transferred;

(2) the nature and extent of monitoring by State agencies of how Heartland Human

Services used the State-provided moneys;

(3) the actual use of State moneys by Heartland Human Services;

(4) whether, through a review of available documentation, Heartland Human Services has

met or is meeting the purposes for which the State moneys were provided, with specific information concerning Heartland Human Services' staffing levels and its compensation of management employees; and

(5) whether Heartland Human Services is in compliance with the applicable laws,

regulations, contracts, and grant agreements pertaining to Heartland Human Services' receipt of State moneys; and be it further

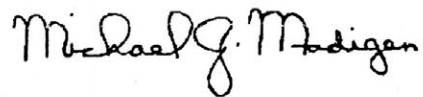
RESOLVED, That Heartland Human Services and any State or local agency that may have information relevant to this audit cooperate fully and promptly with the Auditor General's office

in its audit; and be it further

RESOLVED, That the Auditor General commence this audit as soon as possible and report his findings and recommendations upon completion in accordance with the provisions of Section 3-14 of the Illinois State Auditing Act; and be it further

RESOLVED, That a suitable copy of this resolution be presented to the Auditor General.

Adopted by the House of Representatives on May 31, 2008.



Michael J. Madigan, Speaker of the House



Mark Mahoney, Clerk of the House

APPENDIX B
SAMPLING & ANALYTICAL METHODOLOGY

SAMPLING AND ANALYTICAL METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. This audit was also conducted in accordance with audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit's objectives are contained in House Resolution Number 1307 (see Appendix A), which directs the Office of the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to Heartland Human Services under contracts or grant agreements in FY07 and FY08. The audit objectives are listed in the Background section of Chapter One.

Fieldwork for this audit was conducted in November and December 2008 and January 2009. During the audit, we met with representatives from Heartland Human Services (Heartland), the American Federation of State, County and Municipal Employees, the Illinois Department of Human Services (DHS), the Illinois Department of Healthcare and Family Services (HFS), the Illinois Department of Public Health (IDPH), the Illinois Department of Children and Family Services (DCFS), the Illinois Department on Aging, and the Midland Area Agency on Aging. We also met with and reviewed an investigation conducted by the Illinois Department of State Police's Medicaid Fraud Control Unit.

We requested and reviewed documentation related to the determinations found in House Resolution Number 1307. This included documentation for the purpose and actual use of State funding received by Heartland Human Services. We also received information from each State agency pertaining to the agencies' monitoring of State funds provided to Heartland Human Services. Information pertaining to Heartland Human Services' staffing levels and management salaries was also reviewed.

In conducting this audit, we reviewed applicable State statutes, administrative rules, and grant agreements. Compliance requirements were reviewed and tested to the extent necessary to meet the audit objectives. Any instances of non-compliance by Heartland Human Services or the State agencies that provided funding to Heartland Human Services are included in this report.

We reviewed risk and internal controls at Heartland Human Services related to the audit's objectives. Any weaknesses in internal controls are included as findings in this report.

Testing and Analytical Procedures

During fieldwork, we tested services provided by Heartland Human Services for programs provided by DHS, HFS, IDPH, and DCFS. Results from these samples should not be projected to the universe. To meet the audit objectives, the following testing was performed.

Department of Human Services Testing

- For DHS, we tested a sample of 10 providers that received mental health funding nearest to the dollar amount given to Heartland in FY08 to determine if these contracts were reconciled by the department using the same process as was used for Heartland.
- We tested 20 billings for DHS' Division of Mental Health fee-for-service billings. We used a random number generator to select 10 billings each for FY07 and FY08. We reviewed the client name, service date and case notes in Heartland's electronic case files against the data provided by DHS/DMH, to ensure the services were provided.
- We also tested 20 billings for DHS' Department of Alcohol and Substance Abuse program. We used a random number generator to select 10 billings each for FY07 and FY08. We reviewed the client name, service date and case notes in Heartland's electronic case files against the data provided by DHS, Division of Mental Health, to ensure the services were provided.
- In addition, we tested 20 billings (10 each) for DHS' Division of Rehabilitation Services, Supported Employment and Extended Employment services from FY07. We used a random number generator to select the billings tested. We verified that the hours billed to DHS had services performed, by comparing the case notes and service hours contained in the Heartland files.
- Lastly, we randomly selected 20 service reports (10 each) for DHS' Division of Community Health and Prevention, Substance Abuse Prevention program, for FY07 and FY08 for testing. We reviewed presentation preparatory notes, class curriculum, meeting notes, sign in sheets and satisfaction surveys in order to verify the activity was performed.

Department of Public Health Testing

- We tested 40 billings (20 each) for the Ryan White grant and the Housing Opportunities for Persons with Aids (HOPWA) grant. Using a random number generator, we selected 10 billings each for the Ryan White grant from 4/1/06 – 3/31/07 and 4/1/07-3/31/08. We also used a random number generator to select 10 billings each for the two HOPWA grant periods CY07 and CY08. We reviewed the files for all 40 billings for payee name, client number, and amount paid. We also reviewed the files for proof of eligibility.

Department of Healthcare and Family Services Testing

- We randomly selected 40 Screening, Assessment and Support Services (SASS) and Physician Services claims, 10 each from fiscal years FY07 and FY08 for testing. We

reviewed the client name, service date and case notes in Heartland's electronic case files against data provided by DHS to ensure the services were provided. We also electronically sorted all SASS and Physician Services claims by name and service dates, in order to identify any duplicates from these two services.

Department of Children and Family Services Testing

- We used a random number generator to select 10 DCFS services billed in FY07 by Heartland. In order to determine if the services were provided, we reviewed Heartland's electronic client data to verify client name, service date, service duration, type of therapy and case notes. There were no services billed during FY08.

Personnel Testing

- We tested the personnel files of all Heartland employees that were hired between July 2007 and July 2008, after the strike began. This included 39 personnel files. We examined the files for evidence that the hired employees met the educational and experience qualifications as stated in the position descriptions. In addition, we looked for documentation of background checks, proof of a driver's license, required trainings, and other required professional designations or certifications.

Expenditure Testing

- We reviewed a judgmentally selected sample of 67 expenditures at Heartland Human Services, in order to achieve a confidence level of 90 percent, with an acceptable error rate of 10 percent. The expenditure sample was taken from Heartland's check registers for FY07 and FY08. The expenditures reviewed included all credit card bills that were \$1,000 or greater. These credit card bills consisted of numerous expenditures. Expenditures were selected from numerous programs at Heartland as well as expenditures charged to administration. The total dollar amount tested was \$672,462. Each expenditure file was examined to determine if there was proper documentation for the expenditure, and if the expenditure was questionable.

Inventory Testing

- A judgmentally selected sample of 25 inventory items was tested. Items selected were purchased during fiscal years 2007 and 2008 and were from the Heartland's 2008 depreciation schedule. All of these items were purchased with State funds. Inventory high risk areas include items with the characteristics of being small and portable, of high value, in high demand, and items in remote locations. We selected items for sampling that met the above criteria. We conducted our inventory testing at Heartland's main location and one Community Integrated Living Arrangement (CILA).

APPENDIX C
DHS/DMH SUPPLEMENTAL INSTRUCTIONS
FOR COMPLETING THE GRANT REPORT FOR
FISCAL YEAR 2005

**DHS/DMH Supplemental Instructions
For Completing the Grant Report
For Fiscal Year 2005**

BACKGROUND

Because of the Service Restructuring Initiative (SRI) and the evolving transition of the mental health grant system to fee-for-service, DHS-DMH issued an amendment to the FY05 Community Service Agreement in the summer of 2004 which said

“For FY05, provider total eligible expenses contained in the Mental Health Attachment B will be reconciled to the total Mental Health revenues for services contained in Mental Health Attachment B without regard to the individual program service lines, consistent with the Illinois Grant Funds Recovery Act, excluding any purchase of service programs.”

This was further clarified in a subsequent cover letter to Attachment B of the FY05 DMH contract issued on January 18, 2005 which stated that

“...payments made for the Medicaid category are recognized for services rather than for expenditures. Therefore, Medicaid payments will not be subject to grant funds recovery.”

INSTRUCTIONS

Because SRI was rapidly evolving at the beginning of the fiscal year, DMH recommended that agencies continue to record FY05 revenues and expenses as was done in FY04 and not change program categories. Therefore, **please record your expenses on the Grant Report for FY05 by program as you did in FY04, using the list of DMH grants that was in place through FY04. A list of those program categories for which your agency was funded in FY04 is attached.** SASS has been removed because that is now paid by DPA: don't include SASS on this report. Please note that multiple programs of the same type have been combined into one line. It is sufficient to report your expenses for FY05 by that combined category. If your agency's program titles are different, please use the DMH category that most closely fits your program. It is necessary to report your agency's expenses by program because the Department needs that level of detail for substantiation of our activities in future audits of the Department.

Once your agency has reported mental health program expenses to the Department, the Office of Contract Administration will aggregate those program expenses for your agency into a single sum for allowable expenses. This will be compared to the total FY05 revenue DMH revenue paid to your agency, minus Medicaid (and ICG, if applicable) as of the close of the lapse period at the end of August. If total allowable expenses are greater than total revenues less Medicaid, there will be no grant funds recovery. If, however, total revenues less Medicaid are greater than total allowable expenses, the Department will pursue the recovery of revenues in excess of allowable expenses.

If you have questions, please call Sally Hardwick at 217/785-9260.

APPENDIX D
COMMUNITY-BASED MENTAL HEALTH FEE
FOR SERVICES CONVERSION
MEMORANDUM OF UNDERSTANDING

Community-Based **Mental Health Services
Fee for Services Conversion**

*** As Amended January 10, 2005 ***
Changes denoted in bold and underlined



Barbara Flynn Currie
Majority Leader

Illinois House of Representatives
93rd General Assembly

July 2004

Community Based **Mental Health** Services Fee for Services Conversion

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING, is entered into this 2nd day of July, 2004, by and between the Illinois Department of Human Services Division of Mental Health (hereinafter "the Department"), the Governor's Office of Management and Budget, Mattie Hunter, Vice-Chairperson of the Senate Health & Human Services Committee, Dale Righter, Republican Spokesperson for the Senate Health & Human Services Committee, Rosemary Mulligan, the Republican Spokesperson for the House Special Committee on Fee-For-Service Initiatives and Barbara Flynn Currie, Chairperson of the House Special Committee on Fee-For-Service Initiatives, and hereinafter referred to as "the parties".

WITNESSETH

WHEREAS, the State of Illinois has an obligation to provide for the health, safety, and welfare of its citizens;

WHEREAS, the primary mental health mission of the Division of Mental Health is to help maximize community supports and develop skills for persons with serious mental illness and children with serious emotional disturbance;

WHEREAS, A steering group of the stakeholders in the conversion to fee-for-service payment methodology will be developed to represent the interests of the larger stakeholder group while facilitating timely discussion and decisions on matters requiring immediate resolution. This steering group is to include one representative from each of the following organizations; Community Behavioral Healthcare Association of Illinois, Illinois Association of Rehabilitation Facilities, National Alliance for the Mentally Ill, Illinois Hospital Association; two consumer representatives; legislative representation and a supportive housing provider whenever discussions are held on housing matters;

WHEREAS, the DHS and the stakeholders have agreed upon the selection of an expert consultant, Health & Human Services Consulting, LLC, with specific and broad expertise with regard to community mental health programs financed in part by Title XIX. DHS has or will enter into separate contractual arrangements with the expert consultant and nothing in this memorandum will impose any contractual obligations upon the expert consultant or grant to the expert consultant any rights as a third party beneficiary or any related rights with regard to the fee-for-service conversion;

WHEREAS, beginning on July 1, 2004 Mental Health providers in the State of Illinois will begin the first step in a phased-in conversion to a fee-for-services payment methodology;

WHEREAS, it is the agreement of the parties that this Memorandum of Understanding is entered into in order to make a smooth transition to a fee-for-service methodology; but it is not intended

to expand entitlement programs beyond those that already exist, or may in the future be enacted, under federal or state law.

The Parties Agree to these Good Faith Provisions:

1. The Department and related Mental Health care providers will develop reinvestment and enhancement strategies to expand resources and increase efficiency;
2. The fee-for-service reinvestment and efficiency strategy will promote consumer access and choice, as well as provider sustainability, based upon equitable reimbursement for quality services provided in response to demonstrated need;
3. Strategies should include long-term solutions and include a review and assessment process. Planning must occur to develop an appropriate infrastructure for the fee for service initiative reinvestment and efficiency strategy. Client choice, financial and programmatic accountability, access and continuity of care will guide planning decisions;
4. The Mental Health care providers will assist the State in ensuring the availability of affordable, accessible, accountable, and quality community services by working to increase federal funds capture, as appropriate, while ensuring a system that facilitates serving consumers with easy access to services and supports, utilizing fee-for-services, grants, and any other necessary financing vehicles along with the necessary technology and business services. Each provider's rights and obligations with respect to the Department are set forth in its annual award agreement with the Department as amended, and nothing in this Memorandum shall impose any contractual obligations upon the providers or grant to the providers any rights as a third party beneficiary or any related rights with regard to the fee-for-service conversion. The necessary technology and business services will include, but not be limited to:
 - a) processes sufficient to maintain/track/improve access to services;
 - b) enable appropriate retroactive claiming;
 - c) increase appropriate Medicaid claiming;
 - d) implement appropriate administrative support and claiming; and
 - e) participate in system planning, implementation, and monitoring according to the plans developed by the Steering Committee in consultation with the expert consultant.

The Parties Agree to these Requirements:

5. The Department will retain the services of Health & Human Services Consulting, LLC, or other contracted agent, as the expert consultants selected by the stakeholders and the Department, to provide facilitation, technical assistance, guidance, and expert consultation necessary to actualize the requirements of this Memorandum of Understanding. The Department will make periodic progress reports to the Senate Health & Human Services Committee, the House Special Committee on Fee-For-Service Initiatives (or its successor in the 94th General Assembly, if any) and the Governor over the next several months, specifically including reports in September, October, November, and December of 2004, and bi-monthly thereafter through June 30, 2005;

6. Mental health providers will begin the initial steps of the planned phase-in of the conversion from a grant-in-aid to a fee-for-service payment system will span at least two (2) years. Each contract with a community mental health service provider will provide that, upon meeting its contractual service requirements, payments to that provider will be equal to contract levels set in Fiscal Year 2004, with the exception of any adjustments made in the enacted budget and/or Medicaid performance issues as described, through at least June 30, 2005. For FY 2005 advance payments for anticipated Medicaid claims will not be considered grants, but instead will be handled in accord with the provisions of the Illinois Finance Act (30 ILCS 105/9.05);

It is understood that for FY 2005 the provider's actual Medicaid revenue earned versus non-Medicaid expenses will be compared to established desired performance targets. Should actual performance vary from the targets, the specific basis for reconciliation will be applied as follows: (a) all Medicaid services claimed for which payment has been advanced shall be reconciled on a service bases and (b) all other advanced payments shall be reconciled by expenses. These performance targets however, reflect anticipated revenue generated by Medicaid vs. non-Medicaid but are flexible within individual agency total contracted award;

7. The Department will compose a service taxonomy that reflects the new system and further determine how to facilitate the transition between a billing code and service title. The service taxonomy will include actual text describing what the service does and does not include. Included in this are specifications in the form of a covered services section of a provider manual that details service definitions, billing codes, billing procedures, documentation requirements, provider qualifications, units of service and rates, on a service-by-service basis;
8. The Department, with stakeholder input, will finalize the service taxonomy, including services not previously claimed as Title XIX. This information will be distributed to all providers at the earliest possible date. The Department will conduct an orientation training for the Field Test participants two weeks before the Field Test begins. The service taxonomy will be designed to advance investment and efficiency strategies, and comply with all applicable federal laws and requirements. Any services that have not previously been billed to Medicaid such as vocational supports must be carefully defined in terms of what is and is not reimbursable through Medicaid; the Expert Consultant will provide technical assistance to the Department with regard to service taxonomy and Medicaid reimbursement issues;
9. In collaboration with the expert consultant, the Department will produce a "Strategic Vision Report for Mental Health" similar to the "Getting Reports on the Developmental Disabilities System". This Strategic Vision Report will be completed by April 30, 2005, and will serve as the foundation for subsequent analysis and discussion of rate methodologies and services provided under the community mental health system;
10. Once the Department has issued a provider manual and conducted orientation training for providers not participating in the Field Test, these providers will begin reporting service units on a monthly basis in order to develop familiarity with the fee-for-service process;

11. Effective July 1, 2004, Mental Health providers will begin receiving monthly advances. In Fiscal Year 2005 this will include projected Federal Financial Participation (based on Fiscal Year 2004) in contract amount;
12. The Department will continue to pay equal rates for the same service, regardless of the source of funding (Medicaid or non-Medicaid);
13. The Department and providers will continue efforts at retrospective claiming. Providers have already begun this process and the Department will continue to identify previous billings that may be resubmitted for Medicaid match. The Department will provide ongoing technical assistance regarding retroactive billing to providers as needed;
14. Unique client identifiers will be implemented by the Department as soon as possible but no later than July 1, 2004. The Unique Client Identifiers will be:
 - a) Provider oriented - no cards will be issued to the client;
 - b) A two-phase process- The Department will match agencies' existing client data for the past two years and assign, as needed, by July 2, 2004. For new clients, agencies will access the unique client identifier via a 1-800 telephone number, fax machine number, or e-mail;
15. The Department should provide Community Agencies with the option of submitting ROCS data via electronic will File Transfer Protocol (FTP) with July 2004 service reporting in order to more rapidly and easily submit data; and
16. The Department will address confidentiality issues, and provide technical assistance to providers with regard to practices and safeguards providers can adopt in order to comply with HIPAA health related information confidentiality requirements;
17. The providers will work with the Department to test the premises of the conversion by doing system runs of the Department's Federal Financial Participation proposal beginning July 1, 2004;
18. Trial advance and reconciliation will begin during the 2nd Quarter of Fiscal Year 2005 for a limited Field Test of providers, with initial reconciliation in the 3rd Quarter of Fiscal Year 2005:
 - a) Thirty agencies will be selected or allowed to volunteer for the Field Test with selection criteria based on representative samples reflecting differences in agency size, geographic location, level of Medicaid billing, and orientation to special populations or services;
 - b) The Department shall report to the Senate Health & Human Services Committee, the House Special Committee on Fee-For-Service Initiatives (or its successor in the 94th General Assembly, if any) and the Governor on the success of the reconciliation with these thirty providers in the Field Test prior to moving any other providers to the Fee-

For-Service methodology. The expert consultant shall conduct an evaluation of the completed Field Test involving the initial 30 test providers and submit a report to the Senate Health & Human Services Committee, the House Committee on Fee-For-Service Initiatives and the Governor, together with any recommendations for change that should be taken into consideration in any expansion;

- c) DHS will have authority to expand the limited test group taking into consideration the evaluation and recommendations of the expert consultant, but at no time earlier than the start of the 3rd Quarter. The providers included in any expansion of the Field Test may do so on a strictly voluntary basis;
 - d) A preliminary written evaluation of the advance and reconcile billing system will be completed by December 30, 2004;
 - e) To assist all agencies in the transition to Fee-For-Service, all agencies will receive technical assistance and training beginning in the 2nd Quarter of Fiscal Year 2005;
 - f) The results of the field test will inform refinements in the system on an ongoing basis;
 - g) Trial reconciliation will begin for all agencies in the 4th Quarter of Fiscal Year 2005 for services and reporting in the 3rd Quarter of Fiscal Year 2005;
 - h) Upon the conclusion of all successful field testing, the Department may proceed toward full reconciliation beginning in Fiscal Year 2006 based on the recommendation of the expert consultant and the signatories to this Memorandum. In the event substantial refinement is recommended by the expert consultant based on the field analysis, the Department shall make adjustments based on those recommendations before proceeding to full conversion;
19. The evaluation of the Mental Health Conversion Field Test should be designed to focus on consumers' ability to receive services, quality of the services funded, the fiscal sustainability of the involved provider agency, the impact on the conversion initiatives primary objectives, the benefits and viability of moving to Fee-For-Service, and an assessment of conversion impact on each individual provider. The design of this evaluation will be the focus of the Mental Health Stakeholders Workgroup and the outside consultant and the results of the analysis are to be submitted in writing to all the members of the Senate Health & Human Services Committee, the House Special Committee on Fee-For-Service Initiatives (or its successor in the 94th General Assembly, if any) and the Governor by April 30, 2005;
20. After the initial Field Test and prior to the inclusion of the voluntary groups, additional terms and conditions may be added to the Field Test if deemed necessary by the Department and the expert consultant and upon the agreement of the signatories of this Memorandum;
21. Participants in the fee-for-service Field Test will not be at any risk of any revenue reductions due to reconciliation with reported service units. Providers will be accountable only for expenses as is the current practice. Providers will be expected to submit adequate data to allow Medicaid claiming to be done;

22. The Department will be responsible for developing a monthly meeting schedule for the Chief Executive Officers or agency directors of the thirty providers in the Field Test to meet with the Department consultant and a representative of the Department of Public Aid to review pre-determined outcomes of the field test and address issues concerning access, fiscal changes, and programmatic changes;
23. The Department must develop an internet-based communication system among the participants in the Field Test to ensure a rapid exchange of information on issues related to the conversion;
24. The contracts themselves will include (or be amended to include): (a) the requirement that all services must meet the conditions of 59 ILAC 132 (as amended from time to time), (b) provisions for the reconciliation of payments with services, and (c) Medicaid billing targets, and incorporate by reference the Department's provider manual once promulgated;
25. The State will seek the services of a contractor to develop an appropriate State plan amendment with regard to pursuing administrative and support claims; the Department's expert consultant will provide oversight to ensure that the administrative and support claiming mechanisms are consistent with the fee-for-services claiming process and applicable federal law;
26. Transition to fee-for-service will include a safety net to ensure that access to services is not disrupted by providing technical and physical support for providers having difficulty reaching projected fee-for-service billings. This proposal is to be developed in writing. The expert consultant will assist the Department in acquiring expertise and availability to provide technical support as a safety net provision of the conversion process. The Department will identify the technical assistance team members and contact information that agencies can contact if assistance is needed. This information will be distributed to the Field Test providers prior to the 2nd Quarter of Fiscal Year 2005 and distributed to the remaining providers during the 2nd Quarter of Fiscal Year 2005;
27. The Department will process billing information and vouchers for payment to providers in a timely and efficient manner. Beginning January 1, 2005, the Department will identify providers who experience severe financial hardship as a result of the conversion to a fee-for-service payment methodology pursuant to criteria and procedures established for that purpose. The Department will request the assistance of the Illinois Office of the Comptroller, as necessary, to give providers experiencing severe financial hardship priority payments in accordance with established inter-agency policies and practices;
28. There will be a revised distribution of Mental Health Trust Fund receipts. Beginning with State Fiscal Year 2005, the first \$95,000,000 received by the Department shall be deposited 26.3% into the General Revenue Fund and 73.7% into the Community Mental Health Medicaid Trust Fund. Amounts received in excess of \$95,000,000 in fiscal years 2005 and 2006 shall be deposited 50% into the General Revenue Fund and 50% into the Community Mental Health Medicaid Trust Fund. This policy will be reexamined prior to fiscal year 2007;

29. The Department will employ an independent 3rd party consultant to undertake an analysis of the historical cost of all community services provided through the Division of Mental Health with stakeholder involvement. This analysis should evaluate historical costs within the system against other publicly funded programs including other states' programs and other private sector programs and existing fiscal policy and articulate the relationship between expenditures, individual need and quality. The expert consultant will be available to assist the Department. An extensive status report must be completed and reported to all members of the Senate Health & Human Services Committee, the House Special Committee on Fee-For-Service Initiatives (or its successor in the 94th General Assembly, if any) and the Governor in writing by March 31, 2005 with a final analysis due by April 30, 2005;
30. If the Governor's Office of Management and Budget imposes a general reserve requirement across most or all State agencies, this reserve will not be imposed upon Mental Health community providers;
31. Any written report agreed to be provided by any party to this Memorandum of Understanding must also be provided to the Speaker of the House, the House Minority Leader, the President of the Senate, and the Senate Minority Leader.

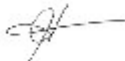
IN WITNESS WHEREOF, the Parties have caused this Memorandum of Understanding to be executed by their authorized representatives on the 2nd day of July, 2004.

For the Department of Human Services:

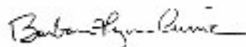


Carol L. Adams, Secretary

For the Governor's Office of Management & Budget:



John Filan, Director



Barbara Flynn Currie, Chairperson
House Special Committee on
Fee-For-Service Initiatives



Mattie Hunter, Vice-Chairperson
Senate Health & Human Services Committee



Rosemary Mulligan, Republican Spokesperson
House Special Committee on
Fee-For-Service Initiatives



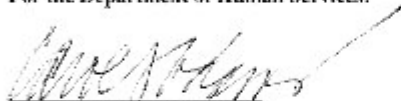
Dale Righter, Republican Spokesperson

**Addendum — Memorandum of Understanding
As Amended January 10, 2005**

The Parties who have caused this memorandum of Understanding to be executed by their authorized representatives hereby approve changes incorporated into this Memorandum of Understanding, As Amended on the 10th day of January, 2005.

IN WITNESS WHEREOF, the Parties have caused this Memorandum of Understanding to be executed by their authorized representatives on the 10th day of January, 2005.

For the Department of Human Services:


Carol L. Adams, Secretary

For the Governor's Office of Management & Budget:


John Filan, Director


Barbara Flynn Currie, Chairperson
House Special Committee on
Fee-For-Service Initiatives


Mattie Hunter, Vice-Chairperson
Senate Health & Human Services Committee


Rosemary Mulligan, Republican Spokesperson
House Special Committee on
Fee-For-Service Initiatives


Dale Righter, Republican Spokesperson

APPENDIX E
AGENCY RESPONSES

May 19, 2009

Mr. Scott Wahlbrink, Audit Manager
Office of the Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703

Dear Scott:

As your audit of Heartland Human Services is winding down I would like to take this opportunity to thank you and your staff for the professionalism and open mindedness displayed throughout the audit process. Agency staff members have always attempted to comply with the myriad of rules and regulations we must adhere to. You and your staff did an excellent job of synthesizing and detailing a large quantity of very complex and oftentimes confusing material

I have enclosed Heartland's response to the three recommendations made to the Agency in the audit. I have also enclosed our Plan of Correction referenced in the response to Recommendation #4 that was accepted by the Department of Mental Health.

Overall the audit process was an interesting experience and was an excellent opportunity for Heartland Human Services to demonstrate our quality management practice, policies and procedures. Heartland Human Services has enjoyed a good reputation in our community. The Agency has spent nearly 40 years providing much needed behavioral healthcare services to Effingham and surrounding communities and I believe this audit upholds our reputation.

Should you require anything further please do not hesitate to contact me.

Sincerely,



Cheryl Compton
Executive Director

Response to Recommendation # 2

Recommendation: Heartland Human Services should ensure that its use of the DHS grant funds complies with provisions of the grant agreement.

Response: During the strike management staff covered crisis intervention services. Management staff salaries are not usually allocated to crisis for direct service. Heartland could justify transferring these expenses via adjusting entries to the crisis program. This did not seem necessary since the Agency was in compliance with DMH's overall reconciliation process.

In the future Heartland will make such adjusting entries to further clarify compliance.

Response to Recommendation #4

Recommendation: Heartland Human Services should ensure that electronic case notes contain enough detailed information to support hours and activities billed.

Response: Heartland Human Services has prepared a Plan of Correction (POC) and submitted this to the Department of Mental Health. The Plan of correction was approved on 12/30/2008 and is attached to this response.

It should be noted that certain billing codes will generate the same activity code although different activities are being provided under the service code. Some services might reasonably occur more than once per day. Examples include medication training, therapeutic behavioral services, case management and PSR. There is a discreet code for each of these services which cover many different activities. Generally activity notes will be specific enough to distinguish between different activities billed under the same code. It should also be noted that striking workers were responsible for the potentially duplicate entries for FY 2007.

Response to Recommendation # 7

Recommendation: Heartland Human Services should not allocate expenses to State grants that are not necessary and related to providing State funded programs or services. Additionally Heartland Human Services should ensure that appropriate documentation is maintained to support its expenditures.

Response: Heartland Human Services allocates expenses directly to programs incurring the expense or expenses benefiting all programs are allocated across programs using an allocation method. Heartland has sufficient revenues not generated from state contracts to cover unallowable expenses. These are reported on the annual Consolidated Cost Report. Heartland will explore the possibility of developing another cost center to which unallowable expenses can be posted to avoid any confusion in the future.

Heartland Human Services will amend its procurement procedures to require invoices or packing slips for all expenditures and will amend its process for booking hotel rooms for staff at various seminars and state sponsored meetings to include the requirement of a receipt for the hotel room.

**ILLINOIS MENTAL HEALTH COLLABORATIVE FOR ACCESS AND CHOICE
ACTION PLAN - POST PAYMENT REVIEW OF OCTOBER 6 & 7, 2008**

Provider/FEIN# [REDACTED] **Provider Staff:** Linda Cummins, MEd, LPN, LCPC – CIS Program Director
Region: #4
Date: 11/17/08

<p>Issue Identified: A description of the interaction that occurred during service delivery, including the client's response in relation to the goals in the ITP.</p>
<p>Improvement Activities: Staff will be retrained in regard to Rule 132 requirements for documentation.</p>
<p>Person(s) Responsible: Linda Cummins, CIS Program Director and Lisa Ballinger, Outpatient Director</p>
<p>Time Frame: Outpatient and Community Integration Services staff received retraining during the week of November 3, 2008. Residential CILA staff is scheduled for retraining on November 19th.</p>
<p>Expected Outcome: Documentation will be in compliance with Rule 132. Outcome will be assessed through staff supervision and monthly random file review by Linda Cummins and Lisa Ballinger.</p>
<p>Achievement Date: Documentation will be monitored through staff supervision and Utilization Review as of November 5, 2008 and the Agency will show results by December 3, 2008.</p>



Pat Quinn, Governor

Carol L. Adams, Ph.D., Secretary

100 South Grand Avenue, East • Springfield, Illinois 62762
401 South Clinton Street • Chicago, Illinois 60607

May 15, 2009

Mr. Scott Wahlbrink, Audit Manager
Office of the Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mr. Wahlbrink:

Thank you for the opportunity to respond to your audit of Heartland Human Services.

Finding #1: Health Care Worker Registry

Recommendation: The Department of Human Services and the Department of Public Health should work together to ensure that CILA and other mental health workers are being added to the Health Care Worker Registry as required by State law.

Department Response: Agree. The Division of Mental Health will meet with the appropriate officials from the Department of Public Health to ensure that CILA and other Mental Health workers are being added to the Health Care Workers Registry.

Finding #3: Fiscal Reporting

Recommendation: The Department of Human Services should require mental health providers to submit program specific grant expenditure reports to ensure that expenditures are in compliance with the grant agreement.

Department Response: Agree. Beginning with the FY '09 closeout and continuing for FY '10 the Division of Mental Health will require providers to submit program specific grant expenditures to ensure compliance with the grant agreement.

Finding #5: Mental Health Grant Reconciliation

Recommendation: The Department of Human Services should:

- ensure that the grant agreement delineates the actual reconciliation process that will be used, and ensure that the process used is in compliance with the Grant Funds Recovery Act; and
- require mental health providers to report interest earned on mental health grants in order to ensure that the interest is either recovered or becomes part of the grant principal as required by the Grant Funds Recovery Act.

Department Response: Agree. Beginning with the FY '09 grant closeout, the Division of Mental Health will work with the Office of Contract Administration to ensure compliance with the Grant Funds Recovery Act. The Division of Mental health will also work with the Office of Contract Administration to ensure that interest earned on grant funds is properly reported as required by the Grant Funds Recovery Act.

Finding #6: Interest Earned on DASA and DRS Grant Funds

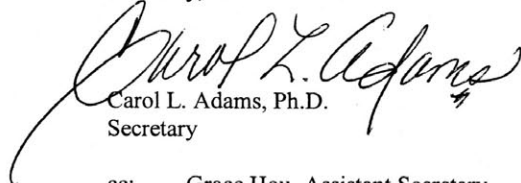
Recommendation: The Department of Human Services should ensure that providers who received funding from either DASA or DRS calculate and repay interest earned on grant funds as required by the Grant Funds Recovery Act.

Department Response: Agree. The Division of Alcohol and Substance Abuse (DASA) will review and update their reconciliation procedures to ensure the inclusion of interest accrued from advance payments. DASA will reconcile payments as outlined in the Community Services Agreement and Grant Funds Recovery Act.

Beginning in FY09 the Division of Rehabilitation Services moved to a payment for services model to avoid accruing interest on grant funds.

If you have any questions, please feel free to contact Albert Okwuegbunam, Chief, Audit Liaison Bureau at 217-785-7797.

Sincerely,



Carol L. Adams, Ph.D.
Secretary

cc: Grace Hou, Assistant Secretary
Jerome Butler, Assistant Secretary
Lorrie Rickman-Jones, Ph.D., Director, Division of Mental Health
Theodora Binion-Taylor, Director, Division of Alcohol and Substance Abuse
Robert Kilbury, Director, Division of Rehabilitation Services
Sally Hardwick Adams, Manager, Office of Contract Administration
Craig Williams, DMH, Chief, Bureau of Fiscal Policy and Analysis
Cassie Laird, DRS, Manager, Fiscal and Budget
Robert Stanek, Chief Financial Officer
Solomon Oriakhi, Director, Office of Fiscal Services
Albert Okwuegbunam, Chief, Audit Liaison Bureau

Illinois Department of Public Health Response

CHAPTER ONE – INTRODUCTION AND BACKGROUND

HEALTH CARE WORKER REGISTRY	
RECOMMENDATION NUMBER 1	<i>The Department of Human Services and the Department of Public Health should work together to ensure that CILA and other mental health workers are being added to the Health Care Worker Registry as required by State law.</i>
DEPARTMENT OF HUMAN SERVICES	
DEPARTMENT OF PUBLIC HEALTH RESPONSE	The Illinois Department of Public Health has reviewed this finding and concurs that a better method for communication and processing of DHS workers information must be developed. IDPH will request a meeting with DHS to develop a process for ensuring that all CILA and other DHS clients are added to the Health Care Worker Registry as required by State law.