AUDIT REPORT

Dutchess County Stabilization Center

November 2022

Office of the Dutchess County Comptroller

Robin L. Lois, Comptroller
Dear County Officials and Taxpayers,

The Dutchess County Comptroller’s Office has completed an audit of the Dutchess County Stabilization Center’s financial activities, its associated contract claims, and its internal processes for the period of November 15, 2016 to December 31, 2021. The Stabilization Center opened its doors for operation in February 2017, providing walk-in crisis services for residents with emotional distress and substance abuse issues. The Center is open 24 hours a day, seven days a week, 365 days per year, and is currently operated by contracted agency PEOPLe, Inc. for $1,019,012 per year. Mental Health America and Astor Services for Children also support the Center with services contracted at $122,351 and $152,221 per year respectively.

Our report includes a description of services, service providers by year, visit statistics, revenue & expense details, as well as imminent changes for Stabilization Centers in New York beginning in 2023. It is noted that the Center has shifted from being managed by Dutchess County employees initially to now being 100% operated by contracted agencies. It was also noted that mental health visits greatly outweigh substance abuse visits.

Our report makes several recommendations to improve the financial operations of the Stabilization Center. Stronger oversight and processes over contract claims and billing are essential to maximizing revenue and control costs. Updated processes for all financial activities should be written and implemented considering the new structure and impending NYS requirements.

Timely execution of Vendor contracts in Dutchess County government has been a systemic problem that our office has highlighted in multiple audit reports over the last several years. This issue is again highlighted in this report as twenty-four of the last twenty-five contracts for the Stabilization Center were executed after the service period began and six executed after the service period ended. We strongly recommend that the Dutchess County Attorney’s Office and the Administration work to determine how to timely execute contracts in order to mitigate risks and ensure timely payment for services rendered to Vendors.

Our report noted two Request for Proposal (RFP) related findings. No RFP was issued for the original services rendered at the Center beginning in 2017. A deviation from procurement policy was granted by the Central Services Director after the services began. A material scope change in services in the 2021 PEOPLe, Inc. contract amendment from the original 2019 RFP warranted a new RFP be issued, but it was not. We make recommendations for strengthened procurement processes and RFP solicitations.

We thank the Department of Behavioral & Community Health staff for their assistance in gathering the information needed to conduct this audit. We hope that the recommendations offered will help improve the operations at the Stabilization Center and promote sustainability.

Respectfully submitted,

Robin L. Lois
Dutchess County Comptroller
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Dutchess County Stabilization Center
January 1, 2018-2022

Background & Introduction

The Dutchess County Stabilization Center (SC or the Center) is located at 230 North Road Poughkeepsie. It is a voluntary walk-in crisis center for Dutchess County residents of all ages dealing with emotional distress, addiction, intoxication, family issues, opioid overdose prevention, and referral services. Services are provided 24/7 regardless of insurance benefits or means to pay.

The Dutchess County Department of Behavioral and Community Health (DBCH) opened the Stabilization Center in February 2017 as a respite and referral center for persons in immediate mental health crisis. Participants can go to the Stabilization Center instead of hospital emergency rooms.

DBCH holds an Integrated Outpatient Services (IOS) License from New York State (NYS) to operate both mental health and addiction services at the Stabilization Center. DBCH directs and collaborates with the contract agencies to provide medical evaluations and assessments; behavioral health stabilization services; sobering stabilization and withdrawal services, as well as connections to other community services.

The Center is currently operated mainly by the not-for-profit contract agency PEOPLe, Inc. Contracted services are also provided through Mental Health America of Dutchess County, Inc. (MHA) and Astor Services for Children & Families (Astor).

The contractors and services have evolved over the past six years since the opening of the Center. This report will demonstrate the changes and define the contracts by year.

PEOPLe, Inc.’s current contract is to provide the general management of staff and services at the Stabilization Center. They have twelve (12) full-time employees including the Program Director, Peer Specialists, Credentialed Alcoholism and Substance Abuse Counselors (CASAC), Licensed Master Social Workers (LMSW), Licensed Clinical Social Workers (LCSW), and Licensed Mental Health Counselors (LMHC). The current contract term is for 01/01/2022-12/31/2022 in the amount of $1,019,012.

Mental Health America currently provides two (2) full time Case Managers to support the daily operations at the Center. The contract term is for the time period 01/01/2022-12/31/2022 in the amount of $122,351. MHA is also contracted with the County to provide the Mobile Crisis Intervention Team (MCIT) services for the same term in the amount of $1,621,610. This service is not charged through the Stabilization Center and therefore not within the scope of audit review.

Astor currently provides one (1) full time and one (1) per-diem Licensed Clinical Social Worker (LCSW) specializing in youth and family. Their contract is for the term 01/01/2022-12/31/2022 in the amount of $152,221.

Dutchess County DBCH has no employees currently working at the Center. Support services are provided by DBCH fiscal staff for insurance claiming, contract management, and accounting.
Statistics

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Visits</th>
<th>Total Unduplicated</th>
<th>Mental Health</th>
<th>Chemical/Alcohol</th>
<th>Other Undiagnosed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4567</td>
<td>1334</td>
<td>864</td>
<td>464</td>
<td>6</td>
</tr>
<tr>
<td>2018</td>
<td>3021</td>
<td>1514</td>
<td>1051</td>
<td>456</td>
<td>7</td>
</tr>
<tr>
<td>2019</td>
<td>3302</td>
<td>1789</td>
<td>1256</td>
<td>444</td>
<td>89</td>
</tr>
<tr>
<td>2020</td>
<td>1735</td>
<td>1223</td>
<td>659</td>
<td>191</td>
<td>373</td>
</tr>
<tr>
<td>2021</td>
<td>3219</td>
<td>2193</td>
<td>1001</td>
<td>250</td>
<td>751</td>
</tr>
<tr>
<td>2022 (per 2023 Budget)</td>
<td>2400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reporting of statistics started in February 2017 when the Stabilization Center opened its doors to the public.

Observation:

- The initial year of service saw the highest rate of total visits, many of which were duplicate clients.
- There are more Mental Health visits compared to Chemically Dependent visits. The number of undiagnosed individuals is increasing.
- Unduplicated visits have been gradually growing over the years (with the exception of 2020).

Oversight

The NYS Office of Addiction Services and Supports (OASAS) and the NYS Office of Mental Health (OMH) have regulatory oversight of the Center’s operational license.

Day to day operations and management of the Center is by the Program Director, who is a Licensed Clinical Social Worker and an employee of PEOPLe. Oversight is also the responsibility of the Deputy Commissioner & Director of Community Services of DBCH through regular collaboration, reporting, and meetings with the agencies. The Dutchess County Health Commissioner and County Executive are ultimately responsible for the activities and operation of the Stabilization Center.

Imminent Changes for Stabilization Centers

In early 2022, the New York State Offices of Mental Health (OMH) and Addiction Services and Supports (OASAS) announced the availability of operational funds and state-aid for the development of 12 new Intensive Crisis Stabilization Centers (ICSCs) and 12 new Supportive Crisis Stabilization Centers (SCSCs) within the 10 economic development regions.

The Dutchess County Stabilization Center is currently operating as a Supportive Crisis Stabilization Center. The Comptroller’s Office has been told the State will allow DCSC to be “grandfathered” in as an existing SCSC eligible for State funding assuming proper licensing of the operating vendor and the County per the Deputy Commissioner of DBCH. Funding is expected to begin in early 2023 with a budgeted revenue of $900,000 in the County Executive’s 2023 budget. Our office has no written documentation to verify this revenue projection.

Dutchess County published RFP-DCP-51-22 8/16/2022 soliciting “Operation of the Dutchess County Stabilization Center”. Bids were due on 9/16/22 and PEOPLe Inc. was awarded the contract. PEOPLe submitted a budget within the RFP to the County projecting that the Stabilization Center will be financially independent of County funds in Year 5 under the new NYS billing and funding structure.
Imminent Changes for Stabilization Centers (Cont.)

All Stabilization Centers will be governed by Part 600 of Title 14 of the NYCRR which details specifics such as certification requirements, staffing requirements, organizational and administration requirements, as well as required services and record keeping.

Detailed program descriptions can be found in Exhibit I.

Financial Summary

Below is the annual cost of the Stabilization Center and the revenue received since its inception. These expenses do not include utilities and building-related expenses as the Center operates in a County-owned building and those expenses are elsewhere in the County budget. Exhibit II shows the detail of these expenses by contractor and other services provided at the Stabilization Center. Services provided in 2020 were limited due to the COVID-19 pandemic shut down.

<table>
<thead>
<tr>
<th>Year</th>
<th>Expense</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$121,811</td>
<td>$0</td>
</tr>
<tr>
<td>2017</td>
<td>900,677</td>
<td>201,999</td>
</tr>
<tr>
<td>2018</td>
<td>1,458,059</td>
<td>*(7,783)</td>
</tr>
<tr>
<td>2019</td>
<td>1,664,466</td>
<td>143,861</td>
</tr>
<tr>
<td>2020</td>
<td>1,466,193</td>
<td>75,366</td>
</tr>
<tr>
<td>2021</td>
<td>1,641,395</td>
<td>57,769</td>
</tr>
</tbody>
</table>

*Includes 2017 write-offs.

Audit Objectives

The objective of our audit was to:
- Explain the roles of the contract agencies in the Center and report their contracted costs
- Understand changes in services and who provides each service
- Report the volume of clients using the Center and the services provided
- Validate claims made by agencies to Dutchess County (DC) for adherence to the respective contract provisions
- Determine if internal controls are in place to safeguard cash
- Determine if policies and procedures are in place and being adhered to
- Review revenue – available through State & Federal funding, insurance claims and the processes for claiming
- Report the total expense of the Center including contract proposals

Audit Scope & Methodology

This report includes financial, contractual, and statistical data since the Center’s inception to current (2016-2022). Our audit included a review of contract terms, claims, and banking transactions for the period January 1, 2018, to December 31, 2021.

Criteria and Resources
- County financial records
- Vendor contracts
- County financial software billing system (Cerner)
- County policies and procedures
- NYS Office of State Comptroller Competitive Bidding Under GML § 103 Guidance
Methodology
• Review of Request for Proposal (RFP) file RFP-DCP-05-19
• Interviews with staff
• Review of reported statistics
• Review of banking procedures, deposits, and disbursements
• Review of contract claim administration

General Observations and Recommendations

Observations
• Contractor services and responsibilities have shifted notably between vendors and County employees over the last five years.
• Revenue reported has decreased annually from 2016-2021.
• Opportunities for more consistent communication between Dutchess County fiscal staff and the Contractors were observed.
• Contract and grant processing oversight by the department should be improved.

Recommendations
• Designating a dedicated billing staff and dedicated contract/claim specialist will help maximize revenue and control costs.

Summary of Key Findings

• No Request for Proposal (RFP) was issued for original services rendered at the SC from 11/15/2016 - 3/31/2019. A deviation from the county procurement policy was granted by the Central Services Director on 11/23/16, after the services began, stating “…the three proposers are the only agencies within Dutchess County that can provide the specific services” and “…soliciting other proposals would not be in the best interest of the County.”
• A material scope change in services in the 2021 PEOPLe, Inc. contract amendment #19-0366-3/20-A4 from the original 2019 RFP-DCP-05-19 warranted a new RFP be issued under GML § 103.
• Of the twenty-five (25) contracts that were issued for the Stabilization Center’s contracted services over the last six years, twenty-four (24) of the contracts were executed after the service period began and six (6) of those twenty-four (24) contracts were executed after the service period ended. (See Contract Summary Chart below.)
• Pertinent client and staff documentation needed for billing was not always completed.
• Insurance claim denials are not investigated in a timely manner resulting in lost revenue.
• Bank account transactions and reconciliations do not have consistent proper oversight.
• Bank account funds collected are not distributed timely to the Finance Department.
• Financial Policies and Procedures are outdated (last updated in 2009).
• Contract budgets were not fully monitored by the department for compliance with contracts.
• Contract budget amendments were not submitted and approved timely (and in some cases not at all) for the fiscal years 2020-2021; six budget amendments were processed late; two were not signed by the County and budget amendments still need to be processed to bring the Vendor claims in line with the contract budget.

Summary Recommendations

• Deviations from Procurement Policy and GML should be given in advance of services being rendered and granted sparingly with strong evidentiary reasoning. We also recommend the County Procurement Policy be more specific as to what constitutes a valid and warranted deviation from RFP requirements.
• The Department Head and Central Services should ensure procurement policy is being followed and any material change in the scope of services should result in a new RFP being solicited.
• The County Attorney’s Office and the Administration should understand and remedy the inability to timely execute contracts.
• DBCH and the contract agencies should create a process to ensure all pertinent client and staff information is collected and documented for timely submission to billing.
• A process to ensure insurance claim details are investigated and resolved in a timely manner should be established to ensure the County maximizes appropriate revenue for future sustainability of the Center.
• Banking policies and procedures should be established to ensure proper oversight of funds.
• DBCH should establish a process by which collected funds are distributed to Finance in a timely manner.
• Policies and Procedures should be updated and followed to promote efficiency and accountability.
• DBCH payment claims should be reviewed and scrutinized for adherence to the contracts, requesting budget adjustments when necessary.
• Unallowable vendor claims should be denied and require adjustment of claim submission.

**Overview of Contract, RFP, & Expense Claims**

Since the inception of the Stabilization Center, it has been operated by four main contract agencies, PEOPLe, Inc., Mid-Hudson Addiction Recovery Center, Inc., Astor Services for Children & Families, and Mental Health America of Dutchess County.

The contracts with these four agencies have evolved over time, due to the needs of the Center as well as the changing client base. It is important to note that the Dutchess County Stabilization Center was the first one of its kind in the Northeast Region of the Country, necessitating numerous adaptations and adjustments to contracts from inception through the date of this report. The first contracts were awarded on November 15, 2016, and the Stabilization Center officially opened on February 13, 2017. This section will summarize these changes and findings with the contracts.

The chart below summarizes the contracts over the years. The summary includes contract dates, contract numbers, execution dates, and total contract amounts:
<table>
<thead>
<tr>
<th>Vendor</th>
<th>Contract/RFP</th>
<th>Term</th>
<th>Execution Date</th>
<th>Contract Amt</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>16-0597-12/17 - No RFP</td>
<td>11/15/2016-12/31/2017</td>
<td>5/2/2017</td>
<td>$238,022</td>
</tr>
<tr>
<td>Astor</td>
<td>16-0604-12/17 - No RFP</td>
<td>11/15/2016-12/31/2017</td>
<td>6/30/2017</td>
<td>$133,801</td>
</tr>
<tr>
<td>MARC</td>
<td>A-1</td>
<td>01/01/2018-12/31/2018</td>
<td>8/15/2018</td>
<td>$385,601</td>
</tr>
<tr>
<td>People</td>
<td>A-1</td>
<td>01/01/2018-12/31/2018</td>
<td>2/7/2019</td>
<td>$273,021</td>
</tr>
<tr>
<td>Astor</td>
<td>A-1</td>
<td>01/01/2018-12/31/2018</td>
<td>11/1/2018</td>
<td>$147,000</td>
</tr>
<tr>
<td>MHA</td>
<td>18-0723-12/18 - No RFP</td>
<td>01/01/2018-12/31/2018</td>
<td>3/20/2019</td>
<td>$246,350</td>
</tr>
<tr>
<td>MARC</td>
<td>A-2</td>
<td>01/01/2019-03/31/2019</td>
<td>10/11/2019</td>
<td>$103,172</td>
</tr>
<tr>
<td>People</td>
<td>A-2</td>
<td>01/01/2019-03/31/2019</td>
<td>6/17/2019</td>
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</tr>
<tr>
<td>Astor</td>
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<td>01/01/2019-03/31/2019</td>
<td>7/15/2019</td>
<td>$34,912</td>
</tr>
<tr>
<td>MHA</td>
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<td>6/17/2019</td>
<td>$76,292</td>
</tr>
<tr>
<td>People</td>
<td>A-1</td>
<td>04/01/2020-03/31/2021</td>
<td>3/6/2020</td>
<td>$289,648.16</td>
</tr>
<tr>
<td>Astor</td>
<td>A-1</td>
<td>04/01/2020-03/31/2021</td>
<td>6/16/2020</td>
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</tr>
<tr>
<td>People</td>
<td>A-3</td>
<td>04/01/2020-12/31/2020</td>
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<td>$399,577</td>
</tr>
<tr>
<td>Astor</td>
<td>A-2</td>
<td>04/01/2020-12/31/2020</td>
<td>12/7/2020</td>
<td>$131,961</td>
</tr>
<tr>
<td>MHA</td>
<td>A-1</td>
<td>04/01/2020-12/31/2020</td>
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<td>People</td>
<td>A-4</td>
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</tr>
<tr>
<td>Astor</td>
<td>A-3</td>
<td>01/01/2021-12/31/2021</td>
<td>2/25/2021</td>
<td>$164,295</td>
</tr>
<tr>
<td>MHA</td>
<td>A-2</td>
<td>01/01/2021-12/31/2021</td>
<td>1/25/2021</td>
<td>$112,907</td>
</tr>
<tr>
<td>People</td>
<td>A-6</td>
<td>01/01/2022-12/31/2022</td>
<td>2/1/2022</td>
<td>$1,019,012</td>
</tr>
<tr>
<td>Astor</td>
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<td>01/01/2022-12/31/2022</td>
<td>4/8/2022</td>
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</tr>
<tr>
<td>MHA</td>
<td>A-3</td>
<td>01/01/2022-12/31/2022</td>
<td>3/1/2022</td>
<td>$112,351</td>
</tr>
</tbody>
</table>

Note: All contract execution dates above, except one, are after the contract term began.

General Findings

- No Request for Proposal (RFP) was issued for original services rendered at the SC for these contracts for the term 11/15/2016 - 3/31/2019. A deviation from the county procurement policy was granted by Central Services director on 11/23/16, after the services began, citing “sole source exception” stating “…the three proposers are the only agencies within Dutchess County that can provide the specific services” and “…soliciting other proposals would not be in the best interest of the County.” (MARC, PEOPlE, Astor, & MHA)
- Contracts were executed after services began.
- Contract budgets were not amended (or not amended timely) when appropriate.
- Expenses in selected categories exceeded the approved budget amendments.
- Contract claims were not monitored and or corrected by DBCH.
Vendor claims were filed late.
Old outstanding contract payments have not been resolved.
Not all budget amendments were approved by DBCH.

General Recommendations

- Deviations from Procurement Policy and GML should be given in advance of services being rendered and granted sparingly with strong evidentiary reasoning. We also recommend the County Procurement Policy more clearly define what constitutes a valid reason for deviation from the RFP process.
- The County Attorney’s Office and the Administration should understand and remedy the inability to timely execute contracts.
- Contract budgets should be amended when expense lines or amounts change “Prior to the expense being incurred” as per the contract.
- DBCH should closely monitor all contract budgets and claims to provide contract adherence oversight.
- DBCH should be in constant contact with the contractors and approve budget amendment expenses prior to the contractor claims.
- DBCH should understand what issues the vendor may be having that is causing claims to be filed late and collaborate to assist in timely claim submission.
- Outstanding contract payments should be resolved or closed if funds are no longer needed.
- DBCH must complete the process of approving budgets including signatures and document retention for full execution.

Detailed Findings by Contract

MID-HUDSON ADDICTION RECOVERY CENTER, INC. (MARC)

MARC provides residential services to individuals suffering from alcohol and other drug addictions. MARC also runs a chemical dependency crisis center – a medically monitored withdrawal service. They were a contractor with the Center from its inception through March 31, 2019. MARC provided 5 full time and 4 part time employees to the Stabilization Center. Within their contract they also provided a Program Director. The Stabilization Center was largely run by MARC with the help of Dutchess County employees. In 2019, Mental Health America of Dutchess County absorbed MARC. MARC is no longer contracted by the Stabilization Center.

Findings

- We noted that the scope of services for the original contract was vague, undefined by agency and had no accompanying budget. Subsequent amendments began to define roles and positions more clearly.
- These contracts were not executed until after the services began: Contract execution dates were 3/3/2017, 5/2/2017, & 6/30/2017 respectively for 11/15/2016-12/31/2017 services.
- These contracted services were not budgeted for in the 2016 or 2017 adopted budgets requiring budget transfers from other DBCH accounts.

Recommendations

- Contracts should clearly define the scope of services that a Vendor should provide, including an annual budget and program metrics.
- The County Attorney should work with departments to determine how contracts can be executed on time in order to protect the County from potential risk and exposure.
- Stabilization Center costs should be properly budgeted for in advance. This seems to be corrected in current budgets.
PEOPLe, Inc. was originally contracted to provide crisis intervention for the Stabilization Center. Their original budget included 4 full time Peer Specialists, 2 part-time Chief Operating Officers, a Site Director, as well as a few per diem employees. They have been contracted with the Stabilization Center from its inception, however their role has changed throughout the years. PEOPLe, Inc. transitioned from its original staffing to being the Center’s main contractor in April of 2020 through the current 2022 contract. Under their current contract, they employ 12 full time employees, including the Program Director. They staff the Center for 24 hours a day.

Findings

• We noted that the scope of services for the original contract was vague, undefined by agency, and had no accompanying budget. Subsequent amendments began to define roles and positions more clearly.
• Vendor claims added several new budget categories such as subcontractor expense, phone, consulting fees, and advertising expenses, which were not part of the original contract. These claims were approved for payment by DBCH. A budget amendment was not executed until after the expense was incurred.
• In 2021, two budget amendments were filed late. One in November 2021 and the other in March 2022. The 2022 adjustment was signed by the Vendor March 20, 2022, but it was never signed by the County and officially executed.
• In 2021, a third budget amendment should have been executed which was not made available during the audit. The categories went over the budget by $21,604.
• In fiscal year 2020 contract terms were adjusted to a calendar year agreement. The first quarter 2020 budget was part of the 2019-2020 budget and was not broken out monthly. Budget amendments filed included this change but did not break down the first quarter expenses. One budget modification was filed for 2020 in March 2021. DBCH did not sign this amendment.

Recommendations

• Contracts should clearly define the scope of services that a Vendor should provide including an annual budget and program metrics.
• Budget amendments should be submitted and approved for any and all expense category changes or additions that exceed the contracted budget thresholds.
• Budget amendments should be submitted and approved prior to claim submission and approval.
• The County Attorney should work with departments to determine how contracts can be executed on time in order to protect the County from potential risk and exposure.
• Claim review by department should require detail backup documentation and cost allocation by time period for proper reconciliation of contract claims.

MENTAL HEALTH AMERICA OF DUTCHESS COUNTY, INC. (MHA)

In 2018, MHA was contracted by the Stabilization Center to provide crisis intervention services to individuals and family interventions, psycho-social assessments, including substance abuse disorders. The agency was originally retained to provide 2 full time and 4 part time Licensed Mental Health Counselors. They operated in the Center for 24 hours per day. The agency increased their number of part time employees to 7 in April of 2019, and their contract remained the same through March 2020. Beginning on April 1, 2020, MHA services and staffing changed within the Stabilization Center. Operating hours changed to 8:00 AM through 11:00 PM. Their staffing would decrease from 9 employees to 2 full time case managers in October 2020. Currently, MHA has 2 full time Case Managers contracted with the Center.

Findings

• No RFP was issued or referenced in the contract as required by Dutchess County Procurement Policy and GML 103. DBCH documentation cited 2016 deviation as carrying forward to this 2018 contract.
• The first contract was not executed until 3/20/2019, three months after the contract term ended.
• This contract Vendor was not budgeted for in the 2018 adopted budget requiring budget transfers from other DBCH accounts.
  • Budget transfer requests to cover 2018 services were not requested until 3/1/2019, 19 days prior to contract service completion.
  • Payment for 2018 services were not rendered to the Vendor until 4/5/2019.
  • Budget amendments were not properly filed when expenses changed. There were two budget amendments filed for 2020. Both were signed in 2021.
• A claim for the Mobile Crisis Team program in the amount of $6,752 was charged to the Stabilization Center Program incorrectly. The account was not reconciled or corrected and therefore reported an inflated expense.

Recommendations
• Deviations from Procurement Policy and GML should be granted sparingly with strong evidentiary reasoning. We also recommend the County Procurement Policy more clearly define what constitutes a valid reason for deviation from the RFP process.
• The County Attorney should work with departments to determine how contracts can be executed on time in order to protect the County from potential risk and exposure.
• Stabilization Center costs should be properly budgeted for in advance. This seems to be corrected in current budgets.
  • DBCH should review contract claims to ensure claims are in strict compliance with the contract budget.
  • Claim requests should be received timely and be in compliance with contract terms.
  • Budget adjustments should be prepared on time and in accordance with the contract requirements.
• Claim review and approval should be enhanced and expense accounts should be reconciled monthly for proper reporting.

ASTOR SERVICES FOR CHILDREN & FAMILIES (ASTOR)
Astor Services for Children was contracted by the Stabilization Center from its inception. They are the lone contractor at the Center that has primarily kept the same services with the Center since their first contract. Astor was contracted to provide 1 full time and 1 part time Licensed Clinical Social Worker. Astor specializes in youth and family services. They are contracted to be in the Stabilization Center 7 days a week from 3:00 PM until 11:00 PM.

Findings
• We noted that the scope of services for the original contract was vague, undefined by agency, and had no accompanying budget. Subsequent amendments began to define roles and positions more clearly.
• Budget amendments were submitted late or not at all. A 2021 budget amendment was approved in March 2022. Additional funds were claimed for “other” in 2020, and a budget amendment was not filed and approved.
• An accounts payable voucher was prepared in the amount of $46,714 for the period of August 2020 through December 2020. These funds are held pending a detailed claim. This brought the total expended to $139,041. During the audit DBCH was asked to follow up on this unclaimed expense. To date this expense remains outstanding.

Recommendations
• Contracts should clearly define the scope of services that a Vendor should provide, including an annual budget and program metrics.
• Budget amendments should be prepared prior to claims and approved in accordance with the contract requirements.
• Outstanding claims should be resolved and removed from pending payment if applicable.
Revenue

Most revenue is received through client’s private insurance. New York State funding from the Office of Alcohol and Substance Abuse Services (OASAS) was received in 2017 in the amount of $100,000 for the implementation of the Center. Since then, the County has not received any state or federal funds.

Cerner is the software system used by the County to bill client insurance. A review of the billing process was performed and traced to the cash receipts.

Observation: Revenue has been declining annually.

<table>
<thead>
<tr>
<th>Year</th>
<th>Insurance Fees</th>
<th>DCMH Write-Offs</th>
<th>Mental Health Reform Incentive (OASAS)</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2017</td>
<td>101,999</td>
<td>0</td>
<td>100,000</td>
<td>201,999</td>
</tr>
<tr>
<td>2018</td>
<td>8,539</td>
<td>$(16,322)</td>
<td>0</td>
<td>$(7,783)</td>
</tr>
<tr>
<td>2019</td>
<td>143,861</td>
<td>0</td>
<td>0</td>
<td>143,861</td>
</tr>
<tr>
<td>2020</td>
<td>75,366</td>
<td>0</td>
<td>0</td>
<td>75,366</td>
</tr>
<tr>
<td>2021</td>
<td>57,769</td>
<td>0</td>
<td>0</td>
<td>$57,769</td>
</tr>
</tbody>
</table>

Insurance Claims & Billing

Current Process

The process to claim insurance was reviewed. The program system’s oversight for the billing software is Dutchess County OCIS. Clients entering the Stabilization Center complete a Financial Authorization and Insurance application which is sent to the DBCH billing department where client information is uploaded into Cerner, the electronic healthcare record system. The system automatically designates codes from the service detail entered by the clinicians at the Stabilization Center. The system captures and codes all necessary services detailed, and a claim is generated for billing. In addition to client information and services provided, the Stabilization Centers’ employee credentials must be continuously updated in the system for the claim to be processed. Claims are submitted weekly through Cerner by DBCH. When claims are denied, there is a strict 90-day window to refile. DBCH reviews denied claims weekly and follows up with clinicians at the Stabilization Center monthly for correction or adjustments. According to DCBH approximately 10-20 claims are denied each month. Cerner reports outstanding accounts receivable balances.

A three-month sample of 2021 claims and the billing processes was reviewed.

Findings

• There are no current written Financial Policies & Procedures detailing current operations, oversight, and roles.
• Staff management support necessary for appropriate decision making was inconsistent resulting in delays and inaction.
• Review of the insurance billing system revealed the following:
  • Required billing codes were disabled resulting in an inability to bill services provided and therefore receive reimbursement.
  • OCIS was not notified when code issues were identified in order to resolve the issues as soon as possible.
  • Substance Abuse services provided were never billed although eligible.
  • The appropriate certifications of the contractor were not evident to bill all provided services.
  • Contractor employee credentials were not continuously updated in the Cerner system resulting in a denial of claims. 6 out of 13 employees’ credentials were not up to date.
  • A clear understanding of reimbursable service codes and their requirements were inconsistent resulting in denials.
• Claim denials are not resolved within an appropriate timeframe, resulting in loss of reimbursement.
• Some client applications did not have client signatures authorizing treatment. Insurance cannot be billed without client signatures.
• A lack of oversight and controls of the claim process from initial billing to reconciliation and accounts receivable collection was observed.

Recommendations
• Financial Policies & Procedures detailing functional operations, roles, and oversight should be written and implemented.
• Clear lines of communication within roles and responsibilities should be defined to promote timely decision making and actions.
• Billing issue recommendations:
  • Billing codes issues should be resolved soon after problems are identified and communicated to OCIS when appropriate.
  • Substance Abuse services should be billed when allowable.
  • Contractor certifications should be current and validated by DBCH.
  • Employee credentials should be current and validated by the contractor and DBCH.
  • Responsible billing personnel should be trained to understand all eligible insurance reimbursement codes and proper entry in order to maximize revenue.
  • The contractor should be notified of denied claims as soon as possible in order to resubmit the claims.
• All applications should be reviewed for client signatures prior to release. A review process for completeness of each application should be implemented.
• Oversight and controls over the billing and claiming process should be documented and implemented to maximize revenue and ensure proper controls.

Accounts Receivable
A total of $60,958 in outstanding accounts receivable was reported by Cerner for the period of January 2018-April 2022.

Findings
• Accounts receivable balances are not monitored and reconciled monthly.
• The accounts receivable balance was overstated as of April 2022. Non-collectible balances were last written off in 2018.

Recommendations
• Accounts receivables should be monitored and reconciled monthly.
• A process should be established to write off non-collectible balances within an appropriate timeframe.
**Banking Oversight**

Bank account activity was reviewed. This included the processes for deposits, disbursements, and bank reconciliations. The bank account is not exclusive to the Stabilization Center and contains other program funds.

The Accountant position oversees the department’s claims, prepares, and reconciles insurance claims, oversees cash receipts, and bank deposits. Cash handling for the receipt of funds, the recording of funds and the deposits were separated among employees.

**Findings**

- DBCH’s 2009 Policies and Procedures for banking were outdated.
- Bank account reconciliations are not performed quarterly as required per their latest written Policies & Procedures.
- There is no management oversight review of the bank account activity and reconciliation.
- Stabilization Center revenue collected is not transferred to the Finance department quarterly as required in their written policies and procedures.

**Recommendations**

- The Policy and Procedure manual should be updated to include current and appropriate processes including segregation of duties. We also recommend bank reconciliations be done monthly.
- Bank reconciliations should be prepared monthly by a person other than the cash handling staff.
- The Director of Fiscal Services should review monthly reconciliations and attest to the review with their initials.
- Funds should be turned over to the Commissioner of Finance quarterly.

**2019 RFP Review**

**RFP-DCP-05-19 - “24 Hour Program Staffing Services”**

We reviewed RFP file RFP-DCP-05-19 for completeness and verification of proposals, ratings, and correspondence. All records were in good order and vendor selection appeared fair and documented.

- We noted service solicitation for Youth and Family Clinical Services for Mobile Crisis Team was not awarded with a note stating, “No award given”, “This program is funded by NYS OMH, they make their own award.”
- The MCIT programs are charged in a different budget area and therefore outside of the scope of this audit.
Exhibit I - Stabilization Center Descriptions

The description of the two types of Crisis Stabilization Centers (CSCs) being developed by OMH and OASAS:

- **Supportive Crisis Stabilization Centers (SCSCs)** means a center that provides support and assistance to individuals with mental health and/or substance use crisis symptoms. Services are for individuals experiencing challenges in daily life that do not pose a likelihood of serious harm. Such challenges may create risk for an escalation of behavioral health symptoms that cannot reasonably be managed in the person’s home and/or community environment without on-site supports. SCSCs will provide voluntary services with an emphasis on peer and recovery support. SCSCs will also provide, or contract to provide, behavioral health stabilization services twenty-four hours per day, seven days per week. Recipients may receive services in a SCSC for up to twenty-four hours.

- **Intensive Crisis Stabilization Centers (ICSCs)** means a center that provides urgent treatment to individuals experiencing an acute mental health and/or substance use crisis. ICSCs offer all services provided at a SCSC in addition to providing rapid access to services for acute symptoms to assist in diversion from a higher level of care, including medication treatment for management of substance use and mental health symptoms. ICSCs will provide voluntary crisis treatment services, with an emphasis on peer and recovery support, in a safe and therapeutic environment. ICSCs will also provide, or contract to provide, behavioral health stabilization and referral services twenty-four hours per day, seven days per week. Recipients may receive services in an ICSC for up to twenty-four hours.

It is expected to have ICSCs executed contracts by October 2022 and be operational by January 2023. Crisis centers are jointly certified by OMH and OASAS. It is expected that SCSCs will have executed contracts by February 2023 and be operational by May 2023.

**Stabilization Centers will now be a resource for 988 calls.** In 2020, Congress designated the new 988 dialing code to operate through the existing National Suicide Prevention Lifeline, and the FCC ordered all 988 calls to be directed to the Lifeline telephone infrastructure. In July 2022, New York State announced its successful implementation of the 988 hotline. The goal is the development of increased, enhanced, and connected crisis services across the state comprised of a telephonic triage through the implementation of 988, the continued support and development of mobile crisis teams, crisis residential programs, crisis stabilization centers, and other community services and supports.
### Exhibit II - Detail of Stabilization Annual Expense 2016-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Mental Health America</th>
<th>Astor</th>
<th>PEOPLE</th>
<th>MARC</th>
<th>Dutchess County</th>
<th>Cleaning</th>
<th>Security</th>
<th>Other</th>
<th>Total Expense Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$0</td>
<td>$602</td>
<td>$0</td>
<td>$856</td>
<td>$120,353</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$121,811</td>
</tr>
<tr>
<td>2017</td>
<td>0</td>
<td>74,564</td>
<td>237,986</td>
<td>268,548</td>
<td>211,794</td>
<td>40,768</td>
<td>64,134</td>
<td>2,883</td>
<td>900,677</td>
</tr>
<tr>
<td>2018</td>
<td>140,063</td>
<td>134,319</td>
<td>252,914</td>
<td>382,095</td>
<td>282,318</td>
<td>107,433</td>
<td>158,917</td>
<td>0</td>
<td>1,458,059</td>
</tr>
<tr>
<td>2019</td>
<td>542,880</td>
<td>144,404</td>
<td>237,094</td>
<td>103,153</td>
<td>286,625</td>
<td>110,610</td>
<td>234,722</td>
<td>4,978</td>
<td>1,664,466</td>
</tr>
<tr>
<td>2020</td>
<td>370,781</td>
<td>92,327</td>
<td>404,467</td>
<td>0</td>
<td>235,143</td>
<td>118,432</td>
<td>240,777</td>
<td>4,266</td>
<td>1,466,193</td>
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<tr>
<td>2021</td>
<td>91,879</td>
<td>164,295</td>
<td>1,010,681</td>
<td>0</td>
<td>981</td>
<td>123,096</td>
<td>248,013</td>
<td>2,450</td>
<td>1,641,395</td>
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### Exhibit III - Contracts

**PEOPLE, Inc. #19-0366**

<table>
<thead>
<tr>
<th>2021</th>
<th>Original Budget</th>
<th>Final Amended Budget 7/22 Not Fully Executed</th>
<th>Claimed Amount</th>
<th>Over Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$627,837</td>
<td>$670,108</td>
<td>$670,107</td>
<td>$0</td>
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<tr>
<td>Fringe</td>
<td>229,161</td>
<td>152,685</td>
<td>152,548</td>
<td>0</td>
</tr>
<tr>
<td>Indirect</td>
<td>132,914</td>
<td>132,915</td>
<td>131,827</td>
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</tr>
<tr>
<td>Phone</td>
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<td>2,110</td>
<td>2,109</td>
<td>0</td>
</tr>
<tr>
<td>Advertise</td>
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<td>5,500</td>
<td>5,362</td>
<td>0</td>
</tr>
<tr>
<td>Staff Development</td>
<td>4,000</td>
<td>9,100</td>
<td>11,087</td>
<td>1,987</td>
</tr>
<tr>
<td>Insurance</td>
<td>4,000</td>
<td>5,500</td>
<td>5,024</td>
<td>0</td>
</tr>
<tr>
<td>Supplies</td>
<td>10,000</td>
<td>13,000</td>
<td>23,296</td>
<td>10,296</td>
</tr>
<tr>
<td>Fees</td>
<td>0</td>
<td>0</td>
<td>9,321</td>
<td>9,321</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,000</td>
<td>3,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Food</td>
<td>6,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>4,100</td>
<td>1,229</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Electronic Health Record</td>
<td>0</td>
<td>12,265</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Consultant</td>
<td>0</td>
<td>11,600</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,019,012</strong></td>
<td><strong>$1,019,012</strong></td>
<td><strong>$1,010,681</strong></td>
<td><strong>$21,604</strong></td>
</tr>
</tbody>
</table>

The contract was written for the period of April 1-December 31, 2020. January-March 2020 is included to report the annual total claimed.

<table>
<thead>
<tr>
<th>2020</th>
<th>Budget 4/1-12/31/20</th>
<th>Amended 3/2021</th>
<th>Claims 4/1/20-12/31/20</th>
<th>1/1-3/31/20</th>
<th>Claimed Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$241,617</td>
<td>$227,646</td>
<td>$38,245</td>
<td>$265,892</td>
<td></td>
</tr>
<tr>
<td>Fringe</td>
<td>89,563</td>
<td>55,255</td>
<td>13,028</td>
<td>68,282</td>
<td></td>
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<tr>
<td>Indirect</td>
<td>55,320</td>
<td>47,930</td>
<td>9,238</td>
<td>57,168</td>
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<tr>
<td>Phone</td>
<td>0</td>
<td>380</td>
<td>49</td>
<td>429</td>
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<tr>
<td>Advertise</td>
<td>0</td>
<td>2,260</td>
<td>0</td>
<td>2,260</td>
<td></td>
</tr>
<tr>
<td>Staff Development</td>
<td>1,550</td>
<td>996</td>
<td>0</td>
<td>996</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>1,600</td>
<td>1,288</td>
<td>0</td>
<td>1,288</td>
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</tr>
<tr>
<td>Supplies</td>
<td>2,800</td>
<td>4,201</td>
<td>0</td>
<td>4,201</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>250</td>
<td>452</td>
<td>0</td>
<td>452</td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>1,500</td>
<td>1,248</td>
<td>0</td>
<td>1,248</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5,377</td>
<td>452</td>
<td>0</td>
<td>452</td>
<td></td>
</tr>
<tr>
<td>Consultant</td>
<td>0</td>
<td>1,800</td>
<td>0</td>
<td>1,800</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$399,577</strong></td>
<td><strong>$343,908</strong></td>
<td><strong>$60,560</strong></td>
<td><strong>$404,468</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Mental Health America of Dutchess County #19-0365
#### 2020-2021 Contract Budgets and Claims Stabilization Center Only

<table>
<thead>
<tr>
<th>2021</th>
<th>Budget</th>
<th>Claim 4/1/20-12/31/20</th>
<th>Budget</th>
<th>Claimed 4/1/12/31/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$77,004</td>
<td>$65,608</td>
<td>$231,093</td>
<td>$216,561</td>
</tr>
<tr>
<td>Fringe</td>
<td>21,176</td>
<td>14,287</td>
<td>64,420</td>
<td>37,685</td>
</tr>
<tr>
<td>Indirect</td>
<td>14,727</td>
<td>11,984</td>
<td>44,552</td>
<td>38,437</td>
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<tr>
<td>Insurance</td>
<td>0</td>
<td>0</td>
<td>1,020</td>
<td>655</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>1,500</td>
<td>1,499</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$112,907</td>
<td>$91,879</td>
<td>$342,585</td>
<td>$294,837</td>
</tr>
</tbody>
</table>

Starting in 2020 the contract budgets were changed to a calendar year. The first quarter of 2020 was part of the 2019 contract term.

### Astor Services for Children and Families #19-0402
#### Contract Budgets and Claims for 2021 and 2020

<table>
<thead>
<tr>
<th>2021</th>
<th>Budget Amended 2022</th>
<th>Claim 2020</th>
<th>Budget 4/1/20-12/31/20</th>
<th>Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Service</td>
<td>$101,700</td>
<td>$101,700</td>
<td>$78,023</td>
<td>$57,553</td>
</tr>
<tr>
<td>Fringe</td>
<td>34,578</td>
<td>34,578</td>
<td>28,868</td>
<td>17,824</td>
</tr>
<tr>
<td>Supplies</td>
<td>494</td>
<td>494</td>
<td>371</td>
<td>0</td>
</tr>
<tr>
<td>Occupancy</td>
<td>3,498</td>
<td>3,498</td>
<td>1,931</td>
<td>0</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,596</td>
<td>2,596</td>
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</tr>
<tr>
<td>Indirect</td>
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<td>21,430</td>
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</tr>
<tr>
<td>Other</td>
<td>0</td>
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<td>0</td>
<td>2,866</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$164,296</td>
<td>$164,296</td>
<td>$131,961</td>
<td>$92,327</td>
</tr>
</tbody>
</table>
Dear Comptroller Lois,

Thank you for the opportunity to review the report detailing the Comptroller’s office audit of the Dutchess County Stabilization Center and its contracts. The Stabilization Center (SC) has been a source of crucial mental health support for our community since opening in early 2017, helping more than 7,000 individuals. Its success speaks to the power of partnerships between government agencies and community-based organizations and has resulted in the model being selected by the State for replication throughout its diverse communities.

As you are aware, the Department of Behavioral & Community Health (DBCH) has recently undergone a complete overhaul of its top leadership, and our team is committed to steering the department towards high-impact evidence-based practices, broad accountability, and continuous improvement through robust process and outcomes evaluation strategies. Since my arrival less than a year ago, we have embarked upon careful review of each of our divisions to include current activities, existing mandates and the specifics contained therein, and identified community health needs to ensure optimal alignment and synergy. This exercise has allowed us to reprioritize our focus and effectively restructure our interventions.

The recommendations contained in your report mirror many of the issues we have identified during our internal evaluations. As you note, staff dedicated to billing and claims are critical to revenue optimization and cost control, which is why DBCH prioritized and secured a departmental Billing Manager position as part of the 2023 Budget. This individual will not only be charged with internal billing processes for other programs, but also oversee contractual billing and claim practices, with a goal of improving charge captures, claim accuracy and corporate compliance. It is anticipated that as part of the Part 600 State licensing of Supportive Stabilization Center, PEOPLE Inc. will become the licensed service provider of the center and chiefly responsible for billing for services rendered. Similarly, we concur on the importance of fair and transparent procurement processes, which have been faithfully followed by our leadership team for all requests for proposal (RFP), including for the continuation of SC services starting in 2023 under the new State licenses.

We are grateful to you and your team for your diligence and comprehensive documentation surrounding the audit process. We appreciate the opportunity to review the report and commit to continue striving for transparency, impact, and excellence in all our departmental endeavors.