

AUDIT REPORT

Mental Health America of Dutchess County

January 1, 2010 – December 31, 2011

Table of Contents

Comptroller's Summary.....3

Background.....3

Audit Scope, Objective and Methodology.....3

Summary of Findings.....3

Detailed Findings.....3

 Accounting Activities.....3

 General Accounting and Separation of Duties.....4

 Banking and Cash Handling.....4

 Personnel Services.....4

 Inventory.....4

Contract Review by Department.....5

 Mental Hygiene.....5

 Department of Social Services.....6

 Youth Bureau.....7

 Health Department.....7

 Planning Department.....7

Exhibit 1.....8

Exhibit 2.....9

Exhibit 3.....10

Addendum I.....11

Addendum II.....14

Comptroller's Summary

In the process of this audit, we discovered refunds due to the Dutchess County totaling \$813,830.17 for the time period 2009 – 2011. In our previous audit of MHA, we discovered refunds due to the County totaled over one million dollars (\$1,000,000). Once again this is an unacceptable practice, as it effectively ties up County funds, unnecessarily. Once an Agency's own Audited Financial Statement shows that monies are due, it should send an estimated payment to the County. It is critical that essential funds be promptly returned to the county, especially in tough budgetary times.

Background

Mental Health Association in Dutchess County, aka Mental Health America of Dutchess County, is a not-for-profit organization whose mission is the promotion of mental health, the prevention of mental illness and the improved care and treatment of persons with mental illnesses. Additional information can be found at their website: <http://www.mhadc.com>.

Audit Scope, Objective and Methodology

An audit was conducted of Mental Health America of Dutchess County (MHA) for the period January 1, 2010 through December 31, 2011. Dutchess County contracts provided a total of \$3,592,253 in funding in 2010 and \$3,351,895 in 2011. MHA receives the majority of their funding from Dutchess County through the NYS Office of Mental Health (NYS OMH) and Medicaid reimbursements. In addition, the agency reported \$3,248,238 in 2010 and \$3,091,935 in 2011 in Medicaid – Case Management funding in their financials. Generally, Medicaid funding is comprised of 50% federal, 25% county and 25% state tax dollars.

The contracts were under the auspices of the Dutchess County Departments of Mental Hygiene, Social Services, Planning and Development and the Youth Bureau. Attached as Exhibit 1 is a listing of contracts, programs and funding.

The audit included a review of the contracts, claims, financial records and selected accounting activities.

Summary of Findings

The records reviewed for revenue, expenses, payroll and inventory were generally in good order and readily available.

Funds due back to Dutchess County are \$813,830.17 as reported by DMH for the time period 2009-2011.

Other revenue sources; such as third party insurance billing and user fees were not consistently implemented to decrease dependence on funding sources.

Detailed Findings

Accounting Activities

The agency's activities for daily operations were reviewed. This included accounting procedures, separation of duties, banking, cash handling, tax reporting and claim management.

General Accounting and Separation of Duties

The Executive Director and Division Director of Finance are responsible for the agency's general oversight of financial operations. A Certified Public Accountant provided an independent audit.

Banking and Cash Handling

Deposits and bank reconciliations were reviewed. Monies received from Dutchess County were deposited timely. MHA has eight bank accounts. Bank reconciliations and agency procedures for check signing were reviewed. Bank account reconciliations were up to date. The agency adhered to their check signing policy.

Findings:

- As mentioned in the last audit, board members do not review bank account activity or reconciliations.
- Bank balances intermittently exceeded the FDIC insured limit of \$250,000

Recommendations:

- The board should periodically and randomly review bank account activity as an additional internal control over cash. A signature of the review should be evidenced.
- Funds deposited in a particular bank should not exceed the FDIC limit.

Personnel Services

Employee salaries amounted to \$3,827,006 in 2011 and \$3,898,477 in 2010. Employee W-2's, Federal 941's and NYS 45's were reviewed. The payroll bank account was reviewed including direct deposits, canceled checks and internal controls. No discrepancies were noted.

Observation:

Employees received year end enhancements totaling \$281,202.69 in 2010 and \$279,810.77 in 2011. These enhancements were approved by the board.

Inventory

A review of MHA inventory processes and procedures was completed. During the audited period MHA purchased 7 vehicles for a total of \$132,489.50. As of 2012, a total of 38 vehicles were on the agency's inventory. A physical inventory of vehicles was performed for the majority of vehicles owned and leased.

Observations:

Records for disposed vehicles were reviewed. During the audited time period, some vehicles were traded in or were sold in the County auction. MHA's current policy is to trade-in vehicles. MHA also maintains a separate listing of computer equipment to easily track their location.

Finding:

- One vehicle was recorded twice on MHA inventory. *This was corrected during the audit.*

Recommendation:

- Inventory records should be updated periodically.

Contract Review by Department

Mental Hygiene

Contract # 09-0174 was written for the period January 1, 2010 – December 31, 2010 in the amount of \$3,117,456 and Contract # 11-0068 was written for the period January 1, 2011 – December 31, 2011 in the amount of \$3,117,143. Claimable expenditures were reported as \$2,437,726 and \$2,397,970 respectively. In addition, Medicaid funding was received for selected programs as a result of patient billing. Services provided from these contracts included: Case Management, Outreach, Care Coordination, Family Support, Advocacy, Psychosocial Club, Supported Housing Rental Assistance (*Program descriptions as defined by NYS are provided in Addendum I*). Detail of the program funding is shown as Exhibit 2 based on CFR funding codes. Program statistics provided by Mental Health America are attached as Exhibit 3.

The required New York State Consolidated Fiscal Report was reviewed for the audited time periods. However, the agency provided revisions, including a revised 2011 CFR as of the writing of this report. Closeouts for 2008 and prior were settled. However, the 2009 contract year was not and is included in the following chart:

	2009	2010	2011
Allowable Claimed net deficit	\$2,566,102	\$2,517,570	\$2,477,814.00
Less: Agency Contribution	<u>-79,844</u>	<u>-79,844</u>	<u>-79,844.00</u>
Total	\$2,486,258	\$2,437,726	\$2,397,970.00
OMH 100% State Funding	\$2,459,576	\$2,403,012	\$2,367,041.00
County Funding	<u>26,682</u>	<u>34,714</u>	<u>30,929.00</u>
Total	\$2,486,258	\$2,437,726	\$2,397,970.00
Contract Payments	<u>2,657,017</u>	<u>2,670,013</u>	<u>2,807,499.75</u>
(Due to) Dutchess County	(\$170,759)	(\$232,287)	(\$409,529.75)

We are including the information from MHA's annual financial report which reports the due to Dutchess County and NYS OMH. The amounts due to Dutchess County are not the same as the amounts due according to DMH. As per MHA's audited financial statements (as of 12/31/11) a total of \$772,037 is due to Dutchess County/OMH (Addendum II – *MHA's relevant audited financial statement pages*). DMH closeouts indicate \$812,575.75 is due to Dutchess County. As of 10/31/12, DMH stated "efforts to secure additional funding in 2009 and 2010 were unsuccessful and the MHA itself indicated it was taking steps to reduce its costs by leaving a position vacant that was budgeted in 2008." There is "no additional funding".

Findings:

- Dutchess County Department of Mental Hygiene and MHA have not reconciled contract funding provided since 2009 as shown in the recapitulations and per Dutchess County DMH a total of \$812,575.75 is due to Dutchess County. While funding is primarily State dollars, monies are passed through Dutchess County. NYS OMH does not overpay the county. MHA is retaining county dollars.
- Included in this contract is funding for the Mental Health library located at North Road. We noted expenditures for telephone were paid by DMH rather than MHA. *During the audit, DMH billed MHA \$1,254.42 for telephone charges for the period January 22, 2010 through July 31, 2012.*

- MHA indicated approximately 9% of the clients served are non-Medicaid eligible. MHA does not pursue other funding sources such as private Health Insurance for these individuals.

Recommendations:

- All funds (\$812,575.75 + \$1,254.42) should be returned to DCDMH immediately. All discrepancies should be resolved promptly between Dutchess County and MHA. The agency should return funds annually to Dutchess County to avoid large payables due to Dutchess County/OMH.
- Although most of the clients served do not have private insurance, we recommend as part of the intake procedure, MHA request insurance information and submit claims to the insurance companies to maximize other revenue sources.

Contract #06-0313- was written for the period January 1, 2010 – December 31, 2010 in the amount of \$160,558. **Contract #11-0077-** was written in for the period January 1, 2011 to December 31, 2011 in the amount of \$159,975. Contracts provided funding for two clinical case managers to address the needs of active/high cost individuals who are chemically dependent. Payments were as follows:

	2010	2011
Personnel/Fringe	\$99,695.80	\$99,848.35
Other	6,832.90	7,330.21
Administration	8,407.04	8,453.31
Total	\$114,934.98	\$115,631.87

Department of Social Services

Contract #06-0611- was written for the period January 1, 2010 – December 31, 2010 in the amount of \$21,078. **Contract #11-0083-** was written for the period January 1, 2011 – December 31, 2011 in the amount of \$21,078. The contracts provide funding towards the daytime shelter for the homeless on weekends and holidays during cold weather when the Family Partnership is closed. Payment is based on client attendance: \$10 per day or \$25 per day during holidays. A total of \$19,535 was paid for 474 clients in 2010 and \$19,190 was paid for 633 clients in 2011.

Contract #06-0156- was written for the period January 1, 2010 – December 31, 2010 in the amount of \$26,468. **Contract #11-0100-** was written for the period January 1, 2011 – December 31, 2011 in the amount of \$26,468. The contracts provided for a court appointed special advocate (CASA) program for children at risk of foster care placement. A NYS Unified Court System grant also provides funding towards this program. In 2010 a total of \$76,692.13 was expended and a total of \$26,468 was claimed and paid as follows: 68 children were served. In 2011 a total of \$47,883.33 was expended and a total of \$26,467 was claimed and paid as follows: 47 children were served.

	2010	2011
Personnel/Fringe	\$22,351	\$23,051
Operations	4,117	3,416
Total	\$26,468	\$26,467

Youth Bureau

Contract #10-0086- was written for the period January 1, 2010 to December 31, 2010 in the amount of \$36,679 and for the period January 1, 2011 – December 31, 2011 in the amount of \$27,231. This program provides for education advocacy for children with special needs age preschool to 21. MHA provides a funding match for this program. The total amount of the contract for both years was paid in full as follows:

	2010	MHA match	2011	MHA match
Personnel/Fringe	\$36,022	\$3,023	\$26,887	\$2,291
Operations	657	1,509	344	1,652
Total	\$36,679	\$4,532	\$27,231	\$3,943

Health Department

Contract #09-0101- was written for the period January 1, 2010 – December 31, 2010 in the amount of \$66,640. Funds provided for the DC Children's Services council to meet together with not-for-profits, government agencies, educational institutions, businesses, caregivers & youth to address issues pertinent to children, youth and families. Eight meetings and 15 members were part of the scope requirements. The total amount of the contract was paid as follows:

Personnel/Fringe	\$65,495
Operations	1,145
Total	\$66,640

Planning Department

Contract #09-0386- was written for the period October 1, 2009 – December 30, 2012 in the amount of \$258,491. The purpose of the funding is to provide financial assistance to families becoming homeless. Assistance includes rental payments, security deposits, utilities, moving and motel cost. Payments made in 2010 totaled \$163,373.88 as follows:

Rents/Client expense	\$136,908.31
Salary/Fringe	22,491.51
Admin	3,974.06
Total	\$163,373.88

Observation: A total of \$95,117.12 was paid in 2009 and by June 2010 this contract was fully claimed. 51 clients were served in 2010.

Exhibit 1

Department	Expense Contracts	Description	Contract Period	Contract Amount 2010	Contract Amount 2011	Funding Source
Mental Hygiene	09-0174	Mental Health Services to Families	1/1/10-12/31/10	3,117,456		NYS & Local
	11-0068	Mental Health Services to Families	1/1/11-12/31/11		3,117,143	NYS & Local
	11-0077	Managed Addiction Treatment Services	1/1/11-12/31/11		159,975	Local
	06-0313	Managed Addiction Treatment Services	1/1/1-12/31/10	160,558		Local
Department of Social Services	06-0611	Daytime Shelter for the Homeless	1/1/10-12/31/10	21,078		Local
	11-0083	Daytime Shelter for the Homeless	1/1/11-12/31/11		21,078	Local
	06-0156	Court Appointed Special Advocate Program	1/1/10-12/31/10	26,468		Local
	11-0100	Court Appointed Special Advocate Program	1/1/11-12/31/11		26,468	Local
Youth Bureau	10-0086	Youth Intervention Program	1/1/10-12/31/10	36,679	27,231	NYS OCS
Health Department	09-0101	Children's Services Council	1/1/10-12/31/10	66,640		Local
Dept. of Planning	09-0386	Homeless Prevention	10/1/09-12/31/12	163,374		Federal

Exhibit 2

Description based on NYS CFR funding code	2010 CFR Amount	NYS Funding	County Funding	Agency Funding
Local Assistance	\$229,116	\$114,558	\$34,714	\$79,844
Community Support Services	513,070	513,070		
Adult Case Management	766,936	766,936		
Community Support Programs	256,478	256,478		
Supported Housing	93,116	93,116		
Community Reinvestment	497,978	497,978		
Homeless/MICA	160,876	160,876		
	\$2,517,570	\$2,403,012	\$34,714	\$79,844

Description based on NYS CFR funding code	2011 CFR Amount	NYS Funding	County Funding	Agency Funding
Local Assistance	\$221,546	\$110,773	\$30,929	\$79,844
Community Support Services	517,729	517,729		
Adult Case Management	698,937	698,937		
Community Support Programs	254,356	254,356		
Supported Housing	116,178	116,178		
Community Reinvestment	512,515	512,515		
Homeless/MICA	156,553	156,553		
	\$2,477,814	\$2,367,041	\$30,929	\$79,844

Exhibit 3

The following statistics were provided by Mental Health America.

2010	
Case Management (including Adult Home & Housing)	Clients Served - 3,006
Homeless Prevention, Rapid Re-Housing	Clients Served - 51
<u>Community Education</u>	
KOB Program	Children Served - 546
Library	Visitors - 361
Info/Referral Calls	Calls - 840
Workshops/Trainings	Attendees - 1,830
<u>Family Support & Advocacy</u>	
Family Support	People Served - 186
Parents with Psychiatric Disabilities(Emerge)	People Served - 117
Advocacy	People Served - 1,180
Youth Intervention Program	Children Served - 192
CASA	Children Served - 68
Children's Services Council	11 Full Council Meetings 10 Executive Committee Meetings
<u>Homeless Services</u>	
Living Room	People Served 474
<u>Rehabilitation Services</u>	
Psychosocial Clubs(including Young Adult	People Served 267
Compeer	People Served 54
Social Rehab	People Served 62

2011	
Case Management (including Adult Home & Housing)	Clients Served - 1,956
<u>Community Education</u>	
KOB Program	Children Served - 246
Library	Visitors - 356
Info/Referral Calls	Calls - 723
Workshops/Trainings	Attended - 1,338
<u>Family Support & Advocacy</u>	
Family Support	People Served - 245
Parents with Psychiatric Disabilities(Emerge)	People Served - 122
Respite	Children/Youth Served - 186
Advocacy	People Served - 583
Youth Intervention Program	Children Served - 103
CASA	Children Served - 47
<u>Homeless Services</u>	
Living Room	People Served - 633
<u>Rehabilitation Services</u>	
Psychosocial Clubs/Social Rehab	People Served - 133
Compeer	People Served -54

Addendum I

Program Description for CFR Programs

OASAS Program Codes, Types and Definitions – Source: NYS CFR Manual Issued: 05/12

0690-Outreach

(Non-Licensed Program)

Outreach programs/services are intended to engage and/or assess individuals potentially in need of mental health services. Outreach programs/services are not crisis services. Examples of applicable services are socialization, recreation, light meals, and provision of informational about mental health and social services. Another type of service within this program code includes off-site, community based assessment and screening services. These services can be provided at forensic sites, a consumer's home, other residential settings, including homeless shelters, and the streets.

0770-Psychosocial Club

(Non-Licensed Program)

The objective is to assist individuals disabled by mental illness to develop or re-establish a sense of self-esteem and group affiliation, and to promote their recovery from mental illness and their reintegration into a meaningful role in community life through the provision of two or more of the following: (1) consumer self-help and empowerment interventions; (2) community living; (3) Academic; (4) vocation and/or (5) social-leisure time rehabilitation, training and support services.

0820-Blended Case Management

(Non-Licensed Program)

In addition to the general Targeted Case Management program description located in the Spending Plan Guidelines BCM facilitates a team approach to case management by combining the caseloads of multiple Intensive Case Managers (ICMs) and/or Supportive Case Managers (SCMs). Team caseload size and minimum number of aggregated monthly contacts required for Medicaid billing is determined by the mix of ICMs and SCMs on the team. For ICM programs serving Children and Families, 25% of aggregated contracts provided by ICM clients may be collateral. SCM collaterals are not billable.

0920-Blended Case Management Service Dollars

(Non-Licensed Program)

All Blended Case Management (BCM) programs have access to "service dollars." All service dollar programs are for emergency and non-emergency purposes and are to be used as payment of last resort. The purpose of the service dollar is to provide funds for recipients' immediate and/or emergency needs. The use of service dollars in any of these programs should include participation of the recipient of services, who should play a significant role in the planning for, and the utilization of, service dollars. Also, as the needs of the recipient change, the money can be redirected to purchase the type of service that is currently needed. Services purchased on behalf of a recipient, such as Respite or Crisis Services, should be reported using the appropriate Service Dollar program code. BCM Service Dollars may only be used on recipients receiving BCM, ICM, SCM or ACT Services and cannot be used for any other purpose. Agency administrative costs of this program via the Ratio Value Allocation methodology are redistributed to other OMH programs in the CFR.

1650- Family Support Services (Children and Family)

(Non-Licensed Program)

Family support programs provide an array of formal and informal services to support and empower families with children and adolescents having serious emotional disturbances. The goal of family support is to reduce family stress and enhance each family's ability to care for their child. To do this, family support programs operate on the principles of individualized care and recognizing every child and family is unique in their strengths and needs. Connecting family members to other families with children with serious emotional problems helps families to feel less isolated and identify their own strengths.

Family support programs ideally provide the following four core services: family/peer support, respite, advocacy, and skill building/educational opportunities.

1760-Advocacy/Support Services

(Non-Licensed Program)

Advocacy support services maybe individual advocacy or systems advocacy (or a combination of both.) Examples are warm lines, hot lines, teaching daily living skills, providing representative payee services, and train in any aspect of mental health services.

Individual advocacy assists consumers in protecting and promoting their rights, resolving complaints and grievances, and accessing services and supports of their choice.

Systems advocacy represents the concerns of a class of consumer by identifying patterns of problems and complaints and working with program or system administrators to resolve or eliminate these problems on a systemic, rather than individual basis.

1810- Intensive Case Management

(Non-Licensed Program)

In addition to the general Targeted Case Management program description located in the Spending Plan Guidelines, ICM is set at a case manager/client ration of 1:12

Medicaid billing requirements for the Traditional ICM model requires a minimum of four (4) 15 minute face-to-face contracts per individual per month. For programs serving Children and Families, one contract may be collateral. The Flexible ICM model requires a minimum of two (2) 15 minute minimum face-to-face contacts over the entire caseload. For programs serving Children and Families, 25% of the aggregate contracts can be collaterals.

1910- ICM Service Dollars

(Non-Licensed Program)

All Intensive Case Management (ICM) programs have access to "service dollars." All service dollar programs are for emergency and non-emergency purposes and are to be used as payment of last resort. The purpose of the service dollar is to provide funds for recipients' immediate and/or emergency needs. The use of service dollars in any of these programs should include participation of the recipient of services, who should play a significant role in the planning for, and the utilization of, service dollars. Also, as the needs of the recipient change, the money can be redirected to purchase the type of service that is currently needed. Services purchased on behalf of a recipient, such as Respite or Crisis Services, should be reported using the appropriate Service Dollar program code. ICM Service dollars may only be used to recipients receiving MCM, ICM, SCM or Act Service and cannot be used for any other purpose. Agency administrative costs allocated to the operating costs of this program via the Ratio Value allocation methodology are redistributed to other OMH programs in the CFR.

2720- Non-Medicaid Care Coordination

(Non-Licensed Program)

Activities aimed at linking the consumer to the service system and at coordinating the various services in order to achieve a successful outcome. The objective of care coordination in a mental health system is continuity of care and service. Services may include linking, monitoring and case-specific advocacy. Care Coordination Services are provided to enrolled consumers for whom staff is assigned a continuing care coordination responsibility. Thus, routine referral would not be included unless the staff member making the referral retains a continuing active responsibility for the consumer throughout the system of service. Persons with Medicaid may receive services from this program; however, the program does not receive reimbursement for Medicaid.

2770- Self Help Program

(Non-Licensed Program)

To provide rehabilitative and support activities based on the principle that people who share a common condition or experience can be of substantial assistance to each other. These programs may take the form of mutual support groups and networks or they may be more formal self-help organizations that offer specific educational, recreational, social or other program opportunities.

- Direct staff hours spent by staff in providing case management services face-to-face or by telephone directly to Consumers or collaterals.
- Indirect staff hours: The number of staff hours spent by staff in providing case management services on behalf of Consumers other than face-to-face or by telephone directly with Consumers or collaterals.

2810- Case Management Service Dollars Administration

(Non-Licensed Program)

The Case Management Service Dollar Administration program code is to be used to report administration costs or Representative Payee Service costs for ICM, SCM, BC, ACT and AHSCM service dollar programs

6050- Supported Housing Rental Assistance

(Non-Licensed Program)

Rental assistance is provided to residents of supported housing programs through the means of voluntary agency-administrated rent stipend mechanism. Residents are expected to contribute 30% of their income toward the cost of rent and utilities in decent, moderately priced housing in the community; the difference between the residents' contribution and the actual cost of the housing is paid directly to the landlord on behalf of the program residents.

6060 – Supported Housing Community Services

(Non-Licensed Program)

This includes all services provided to residents of supported housing program by the supported housing agency, excluding rental assistance. The objective of the program is to assist individuals in locating and securing housing of their choice and in accessing the supports necessary to live successfully in the community. Services may include assistance with choosing housing, roommates, and furniture; providing financial assistance with purchasing apartment furnishings and with initial apartment/utility deposits, assistance with resolving roommate or landlord issues that may jeopardize the stability of the housing placement; and linking residents to a comprehensive community support system of case management, mental health and general health supports.

6810 – Supportive Case Management (SCM)

(Non-Licensed Program)

In addition to the general Targeted Case Management program description located in the Spending Plan Guidelines, SCM is set at a case manager client ration of 1:20 or 1:30 and Adult Home SCM is set at a case manager client ratio

of 1:30. Medicaid billing requires a minimum of two 15 minute face-to-face contacts per individual per month. Collateral contracts are not counted.

6820- Adult Home Supportive Case Management

(Non-Licensed Program)

In addition to the program description for Targeted Case Management located in the Spending Plan Guidelines, SCM is provided to adult home residents by Supportive Case Managers who work as a team with Peer Specialists as part of an integrated approach to addressing the needs of the adult home population. Each Case Manager and Peer Specialist team serves a maximum of 30 residents. A supervising Case Manager or Coordinator of Case Management provides supervision of the SCM and Peer Specialist. Adult Home Case Management takes referrals from the adult home and does not take referrals from SPOA.

When an Adult Home resident moves to other community housing, and no longer needs SCM, the recipient will then be eligible for transitional status, receiving one visit per month for billing (this status may be active for a maximum of two months). When an Adult Home resident moves to other community housing and continues to need the SCM level of care (or the higher ICM level), it is expected that a request for community case management enrollment is processed through the local SPOA. Where a community case management waiting list exists, the Adult Home Case Management program can continue to support that person in the other community setting until the person is transferred to community case management. If the recipient is enrolled in community case management at the time of the move out of the Adult Home, the recipient is not eligible for transitional status.

6910- SCM Service Dollars

(Non-Licensed Program)

All supportive Case Management (SCM) programs have access to "service dollars." All service dollar programs are for emergency and non-emergency purposes and are to be used as payment of last resort. The purpose of the service dollar is to provide funds for recipients' immediate and/or emergency needs. The use of service dollars in any of these programs should include participation of the recipient of services, who should play a significant role in the planning for, and the utilization of, service dollars. Also, as the needs of the recipient change, the money can be redirected to purchase the type of service that is currently needed. Services purchased on behalf of a recipient, such as Respite or Crisis Services, should be reported using the appropriate Service dollar program code. SCM Service Dollars may only be used on recipients receiving MCN, ICM, SCM, or ACT Services and cannot be used for any other purpose. Agency administrative costs allocated to the operating costs of this program via the Ratio Value allocation methodology are redistributed to other OMH programs in the CFR.

6920- Adult Home Service Dollars

(Non-Licensed Program)

All Adult Home Supportive Case Management (AHSCM) programs have access to "service dollars." All service dollar programs are for emergency and non-emergency purposes and are to be used as payment of last resort. The purpose of the service dollar is to provide funds for recipients' immediate and/or emergency needs. The use of service dollars in any of these programs should include participation of the recipient of services, who should play a significant role in the planning for, and the utilization of, service dollars. Also, as the needs of the recipient change, the money can be redirected to purchase the type of service that is currently needed. Services purchased on behalf of a recipient, such as Respite or Crisis Services, should be reported using the appropriate Service Dollar program code. Adult Home Service Dollars may only be used on recipients receiving AHSCM Services and cannot be used for any other purpose. Agency administrative costs allocated to the operating cost of this program via the Ratio Value allocation methodology are redistributed to other OMH programs in the CFR.

8810-Assertive Community Treatment (ACT) Service Dollars

(Non-Licensed Program)

All Assertive Community Treatment (ACT) programs have access to "service dollars." All service dollar programs are for emergency and non-emergency purposes and are to be used as payment of last resort. The purpose of the service dollar is to provide funds for recipients' immediate and/or emergency needs. The use of service dollars in any of these programs should include participation of the recipient of services, who should play a significant role in the planning for, and the utilization of, service dollars. Also as the needs of the recipient change, the money can be redirected to purchase the type of service that is currently needed. Services purchased on behalf of a recipient, such as Respite or Crisis Services, should still be reported using the appropriate Service Dollar program coded. ACT Service Dollars may only be used on recipients receiving BCM, ICM, SCM, or ACT Services and cannot be used for any other purpose. Agency administrative costs allocated to the operating costs of this program via the Ratio Value allocation methodology are redistributed to other OMH programs in the CFR.

Addendum II

MHA's Audited Financial Statement

Amount due to/from Dutchess County

The annual contract with Dutchess County Department of Mental Health to provide various mental health services represents a primary source of revenue. Management believes that any realization loss on the amount receivable will not be material.

The Organization also maintains separate bank accounts for disbursing service dollars. The balance in these accounts amounting represents money initially deposited by and currently owed to the county.

MENTAL HEALTH AMERICA OF DUTCHESS COUNTY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 9 -- SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Amount due to/from Dutchess County (Contd.)

The amount owed NYS Office of Mental Health ('OMH') for excess Medicaid revenue is normally adjusted during the closeout process with Dutchess County. Accordingly, the amount owed OMH is also included as owed to Dutchess County.

As of December 31, 2011, the amount due to / from Dutchess County comprised of the following:

	Years	Receivable 12-31-11	Collected Subsequently	Payable 12-31-11	Paid Subsequently
A-County contract/Other					
	2009	\$ 224,774	\$ -	\$ -	\$ -
	2010	55,251	-	-	-
	2011	217,815	-	1,033	-
	Service Dollars	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
		497,840	-	13,033	-
B-OMH					
Excess revenue	2009	-	-	342,214	-
Excess revenue	2010	-	-	288,171	-
Unused excess revenue	2010	-	-	330,541	-
Excess revenue	2011	<u>-</u>	<u>-</u>	<u>295,918</u>	<u>-</u>
		-	-	1,256,844	-
	Total	<u>\$ 497,840</u>	<u>\$ -</u>	<u>\$ 1,269,877</u>	<u>\$ -</u>

For the years 2009 and 2010, the County has neither made a final determination nor confirmed the open balances. The 2011 balance represents management's estimate of the expected closeout amount, as the Consolidated Fiscal Report has not been filed at the date of the audit report.