Office of Mental Health

Reporting of Community-Based Services Under the Transformation Reinvestment Plan

Report 2021-S-15 | October 2022

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability

Audit Highlights

Objective

To determine whether the Office of Mental Health provides adequate reporting of community-based service reinvestment funds under the Transformation Reinvestment Plan. The audit covered the period from April 2018 through February 2022.

About the Program

The mission of the Office of Mental Health (OMH) is to promote the mental health of all New Yorkers, with a particular focus on providing hope and recovery for adults with serious mental illness and children with serious emotional disturbances. To carry out its mission, OMH operates psychiatric centers across the State and regulates, certifies, and oversees more than 4,500 programs operated by local governments and non-profit agencies. OMH has sought to reduce the capacity at its inpatient facilities and provide services in lower-cost, more accessible community-based settings. To accomplish this, OMH developed the Transformation Reinvestment Plan (Plan) in 2014. The Plan aims to rebalance the agency's institutional resources by further developing and enhancing community-based services (CBS) in the State. Under the Plan, OMH reinvests funds realized through the closure of inpatient State beds (about $110,000 per closed bed) into CBS. To document its oversight of reinvestments and services provided under the Plan, OMH prepares monthly reports compiled from data submitted by voluntary providers that received the funds. Information on State-provided services is retrieved from OMH's internal systems. The monthly reports present a variety of data on where funds are reinvested geographically and for what services. Examples of CBS-supported services via the reinvestment funds include supported housing, mobile integration teams, various crisis services, and clinic expansion. One key piece of data on the monthly reports is known as "New Individual Served" (NIS). Measuring NIS helps demonstrate the expansion of services with the reinvested funds. According to OMH, since 2014 and continuing through State fiscal year 2020-21, the State has allocated more than $82.5 million in CBS from reinvestment funds realized through the reduction of State-operated inpatient beds under the Plan and served more than 111,000 individuals. Nearly $19 million in additional reinvestment funds have also been directed across the State as the result of community inpatient bed reductions.

Key Findings

- Generally, we determined OMH has developed processes to report on the funds reinvested in CBS under the Plan. However, we also determined there are opportunities for OMH to improve its communication and data collection to ensure better accuracy of its reports used to document its oversight of the Plan reinvestments.
- We identified certain inconsistencies with how the NIS data is collected, which could impact the accuracy of the information included in the reports. These included how providers reported NIS for different services, the timing of reporting for certain services, and variations in the process used for reporting.
- We also determined that OMH could improve its reporting on the overall 11 reinvestment areas that it established for the Plan.

Key Recommendations

- Issue updated guidance to providers and State facilities on how to identify and count a NIS.
- Provide guidance or notes on the monthly reports indicating which services and counties report quarterly versus monthly and the associated impact to provide better context to users of the reports.
- Include information on the monthly reports to clearly show progress toward achieving targets supported through Plan reinvestments.

Office of the New York State Comptroller
Division of State Government Accountability

October 26, 2022

Ann Marie T. Sullivan, M.D.
Commissioner
Office of Mental Health
44 Holland Avenue
Albany, NY 12229

Dear Dr. Sullivan:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Reporting of Community-Based Services Under the Transformation Reinvestment Plan*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

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Glossary of Terms

Term	Description	Identifier
OMH	Office of Mental Health	*Auditee*
CBS	Community-based services	*Key Term*
CDC	Centers for Disease Control and Prevention	*Federal Agency*
Field Office	OMH Regional Field Office	*Local Entity*
Local Department	Local Department of Mental Health	*Local Entity*
NIS	New Individual Served	*Key Term*
Plan	Transformation Reinvestment Plan	*Key Term*
Standards	Standards for Internal Control in New York State Government	*Guidance*

Background

The mission of the Office of Mental Health (OMH) is to promote the mental health of all New Yorkers, with a particular focus on providing hope and recovery for adults with serious mental illness and children with serious emotional disturbances. To carry out its mission, OMH operates psychiatric centers across the State and regulates, certifies, and oversees more than 4,500 programs operated by local governments and non-profit agencies. As a provider of services, OMH serves approximately 10,000 inpatient individuals per year at its 22 State inpatient psychiatric centers and two research institutes. OMH also operates residential and outpatient programs that serve approximately 25,000 people per year. OMH has sought to reduce the capacity at its inpatient facilities and provide services in lower-cost, more accessible community-based settings. To accomplish this, OMH developed the Transformation Reinvestment Plan (Plan) in 2014. The Plan aims to rebalance the agency's institutional resources by further developing and enhancing community-based services (CBS) in the State.

Under the Plan, OMH reinvests funds realized through the closure of inpatient State beds (about $110,000 per closed bed) and the State's share of Medicaid savings associated with inpatient hospital bed reductions into expanded CBS. According to OMH, since 2014 and continuing through State fiscal year 2020-21, the State has allocated more than $82.5 million in CBS from reinvestment funds realized through the reduction of State-operated inpatient beds under the Plan and served more than 111,000 individuals. Nearly $19 million in additional reinvestment funds have also been directed across the State as the result of community inpatient bed reductions. These approximately $100 million ($82.5 million + $19 million) in reinvested funds represent just a portion of ongoing spending for CBS by OMH. According to data reported to the Substance Abuse and Mental Health Services Administration's 2020 Mental Health National Outcome Measures report for New York, community-based mental health spending totaled $3.9 billion.

To document its oversight of reinvestments and services provided under the Plan, OMH prepares monthly reports compiled from data submitted by voluntary providers that received the funds, along with other data such as inpatient capacity and readmission and emergency room use among individuals who were discharged from inpatient settings. Information on State services is retrieved from OMH's internal systems. For CBS, generally, providers report required data to their local Department of Mental Health (Local Department). The Local Departments then review the data and forward it to an OMH Regional Field Office (Field Office), where it is reviewed for trends before it is forwarded to OMH centrally, at which point it is used to assemble the monthly reports.

The monthly reports present a variety of data on where funds are reinvested geographically and for what services. Examples of CBS supported via the reinvestment funds include supported housing, mobile integration teams, various crisis services, and clinic expansion. Generally, CBS that are not offered through the State are offered by voluntary providers that contract with Local Departments. These Local Departments are responsible for overseeing the providers' performance with respect to those contracts, along with any information reporting. In addition, OMH

Field Offices also perform an oversight role in certifying and licensing the voluntary providers that contract with the Local Departments to provide services.

During the COVID-19 pandemic, increases in stress, isolation, and economic challenges likely contributed to increased mental health issues. A report by the Government Accountability Office in March 2021 cites the results of Household Pulse surveys conducted by the Centers for Disease Control and Prevention (CDC) from April 2020 through February 2021, which showed that the percentage of adults reporting symptoms of anxiety or depression averaged 38.1% across 24 separate survey collection periods. A CDC survey conducted prior to the pandemic in 2019 using similar questions found that about 11% of U.S. adults reported experiencing these symptoms. Given this increased prevalence of mental health issues, monitoring reinvestments in more accessible CBS to ensure they are maximized is especially important.

Audit Findings and Recommendations

Generally, we determined OMH provided adequate reporting on the funds reinvested in CBS under the Plan. However, we also determined there are opportunities for OMH to improve its communication and data collection to ensure better accuracy of its reports used to document its oversight of the Plan. One key piece of data on the monthly reports is known as "New Individual Served" (NIS). Measuring NIS helps demonstrate the expansion of services with the reinvested funds. We reviewed NIS data for selected services included on the monthly reports for the period April 2021 through August 2021. We reviewed supporting documentation for 41 NIS. We also spoke with voluntary provider and Local Department representatives where the NIS in our sample received services. While we found documentation that supported the NIS reported in our sample, we identified certain inconsistencies with how the NIS data for the reports is collected, which could impact the accuracy of the information included in these reports. We also determined that OMH could improve its reporting on the overall reinvestment areas that it established for the Plan.

NIS Reporting

OMH's monthly reports are a primary means for documenting its oversight of and communicating information about reinvestments under the Plan. As such, it is important the information in those reports is accurate, current, and supported. According to the Standards for Internal Control in New York State Government (Standards), management should use relevant and quality information to make informed decisions and evaluate the organization's performance in achieving key objectives and addressing risks. For information to be relevant, it must come from reliable internal and external sources in a timely manner based on the identified information requirements. Quality information must be appropriate, current, complete, accurate, accessible, and provided on a timely basis. Additionally, the Standards state that communication with parties external to an organization is also important to effective internal control. Information should be communicated externally through appropriate reporting lines so that external parties can help the entity achieve its objectives and address related risks.

We identified inconsistencies in how NIS information was captured for the monthly reports. These included how providers reported NIS for different services, the timing of reporting for certain services, and variations in the process used for reporting. For example, we noted State-operated and voluntary providers both reported NIS differently for different services. For example, OMH counts an individual as a NIS once for all Crisis/Respite facilities operated by the State. However, it counts an individual as a NIS on a per facility basis for the Mobile Integration Team and OnTrack NY Expansion services. Similarly, five of eight (62.5%) voluntary CBS providers we interviewed counted/reported an individual as a NIS one time, upon the first engagement with a particular service. However, one of these five providers offers another service (Mobile Outreach Team) for which it counts NIS based on engagement with the program. So, for these instances, the same individual could be counted as a NIS more than once. Additionally, one of the eight providers interviewed stated an individual could be counted/reported as NIS multiple times if they re-engaged for the same service. Officials at this provider stated their NIS reporting

process allowed for an individual to be counted/reported more than once because of the type of services provided. For example, according to the provider, they count a NIS for crisis services, such as Mobile Crisis, Crisis Intervention, and Mobile Transitional Support Teams, on a crisis event basis. Therefore, an individual who re-engages for services caused by a new crisis event would be counted/reported as a NIS even if they had been served by the same program previously.

One provider had not reported any NIS served during our testing period and claimed they were unaware of what was considered to be an NIS. However, OMH officials disputed the provider's assertion and provided support to show that the provider in question had, in fact, reported NIS prior to our testing period. OMH officials further explained that part of the reason the provider reported zero NIS was due to reporting inaccuracies during our testing period caused by the implementation of a new computer system at the Local Department. Consequently, NIS were reported as zero until the inaccuracies in the data could be verified. As of June 2022, that data was still being verified and still showed up as zero NIS on certain monthly reports in our review.

NIS were counted differently across providers and services because OMH had not communicated sufficient guidance for identifying NIS to Local Departments and providers. OMH claimed it had provided guidance on counting NIS and provided evidence to the auditors. Upon review, the guidance indicated NIS are to be reported for each month but didn't address who should be counted as a NIS. Other information that OMH provided indicated that a NIS would be anyone served by the program for the first time. However, the letter provided as supporting documentation was from 2014. Consequently, the inconsistent responses during our discussions with voluntary providers and Local Department officials and varying reporting of NIS revealed differences in how the guidance for NIS was interpreted and applied. While our testing found documentation to support our sample of 38 NIS from the monthly reports, we did note an additional three instances in which a provider had supporting records of new individuals served who were not reflected on the monthly reports.

We also determined there were variations in the timing of when providers reported NIS data for certain services rendered under the Plan. This resulted in NIS figures of zero in certain months for some services even though new individuals had been provided services, which can be misleading to a reader. Three of the eight providers (37.5%) reported data monthly, while two providers (25%) reported quarterly. The remaining three providers (37.5%) reported both quarterly and monthly depending on the type of service. Providers reporting quarterly submit NIS figures in the last month of each quarter with the information broken out monthly. However, monthly reports for the first 2 months of the quarter reflect NIS as zero and the third month includes all of the NIS for all 3 months of the quarter. As a result, the monthly reports that are not for an end of a quarter show incomplete NIS for certain Local Departments and services. According to OMH officials, they allow these timing differences at the discretion of the Local Departments and their voluntary providers for certain services to reduce the administrative burden. Although OMH allows for the different reporting, the reports do not contain any notes for the reader that provide an explanation or

context about what services are only reported quarterly and the consequences of that reporting method.

The process that voluntary providers follow to report NIS information can also vary between different Local Departments and Field Offices. For example, five of the providers stated they reported data directly to their respective Local Departments. Three others reported data simultaneously to the Local Departments and Field Offices. In at least one of the cases where the voluntary provider reports simultaneously, the Local Department indicated it does not review the data for NIS submissions or forward it on since it has already been sent to the Field Office. Further, according to our discussions with one Field Office, it delegates to the Local Departments the ability to allow voluntary providers to directly submit their reporting to the Field Offices. However, the Local Department should still be copied on the submission since the Local Department is considered the party responsible for the submission. Although approved by the Field Office, this procedure still leads to variations among providers and Local Departments, and it omits an opportunity for additional review by the Local Department, which is arguably best positioned to detect any errors or anomalies in a voluntary provider's reporting. OMH officials stated they rely on Local Departments that have contracted with CBS providers to provide direct oversight to ensure NIS figures are accurate and supported.

Collectively, these inconsistencies and variations have the potential to affect the quality and accuracy of the NIS figures on the monthly reports, and work to undermine the key NIS figure reported on the monthly reports. We recommend OMH officials take steps to remind providers of their guidance for identifying and reporting NIS and to include information in their monthly reports to explain those services for which information is reported.

Reporting on Areas of Reinvestment

According to the Standards, information is necessary for an organization to carry out internal control responsibilities to support the achievement of its objectives. Management should use relevant and quality information to make informed decisions and evaluate the organization's performance in achieving key objectives and addressing risks. OMH established 11 areas of Plan investments, including Supported Housing, Mobile Integration Teams, and Assertive Community Treatment teams.

OMH hasn't established a clear mechanism for reporting on the major areas it identified as objectives for Plan reinvestments. Although OMH does prepare and make public its monthly reports, these reports primarily account for reinvestments and services offered with the funds. The reports also capture inpatient utilization as well as readmission and emergency room use for those individuals who are discharged. However, the reports don't clearly address the progress in the 11 areas of Plan investments OMH had identified. A 2017 interim report commented on the progress in these areas. However, OMH has not prepared any interim or other reports since that clearly address the investment areas.

While the monthly reports provide an accounting of the reinvestments, readers can't clearly see and assess OMH progress related to the previously identified Plan reinvestment areas. Nor is it clear if OMH continues to track investments in the context of its 11 reinvestment areas. Including information that clearly addresses the established reinvestment areas on the monthly reports would add value by linking the reinvestments under the Plan (inputs) to the actual desired outcomes for those funds. Given the rise in prevalence of mental health issues due to increased stress, isolation, and economic challenges brought on by the COVID-19 pandemic, it is important to monitor reinvestments to ensure that they are used to address the established 11 reinvestment areas and that the mental health needs of New Yorkers are met.

Recommendations

1. Issue updated guidance to providers and State facilities on how to identify and count a NIS.
2. Provide guidance or notes on the monthly reports indicating which services and counties report quarterly versus monthly and the associated impact to provide better context to readers of the reports.
3. Include information on the monthly reports to clearly show progress toward achieving targets in the 11 reinvestment areas for the Plan.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether OMH provides adequate reporting of CBS reinvestment funds under the Plan. The audit covered the period from April 2018 through February 2022.

To accomplish our objective and assess related internal controls, we met with officials from OMH, Field Offices, Local Departments, and voluntary providers to understand their processes for reporting NIS. We obtained and reviewed the Plan sections of the OMH Comprehensive Plan for 2016-2020 and the 2017 interim report associated with that Comprehensive Plan. We obtained and reviewed monthly reports for the period April 2021 to August 2021. We selected a judgmental sample of 38 NIS, of a total of 514 reported during our testing period, to assess the accuracy of the NIS reported. Our judgments were based on our analysis of monthly report data and included selections of NIS from geographical regions and Local Departments and services based on the type of service, cost per individual for a service, and number of individuals provided with a particular service. We then contacted providers that were identified by the Local Department as providing the services and obtained supporting documentation directly from them. In addition, during discussions with providers who reported zero NIS for certain services, we sought to confirm that they did not serve any new individuals. We learned of three instances in which providers indicated they had served new individuals, and we reviewed documentation and confirmed the support for those services. Since our sample was selected judgmentally, our sample results cannot be projected to the entire population of NIS.

Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. These duties could be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of OMH's reporting of Transformation Reinvestment Plan funding.

Reporting Requirements

A draft copy of the report was provided to OMH officials for their review and comment. Their comments were considered in preparing this final report and are attached in their entirety to the end of it. OMH officials agreed with all three recommendations and indicated actions they will take to implement them.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Mental Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Agency Comments

NEW YORK STATE OF OPPORTUNITY. | Office of Mental Health

KATHY HOCHUL
Governor

ANN MARIE T. SULLIVAN, M.D.
Commissioner

MOIRA TASHJIAN, MPA
Executive Deputy Commissioner

October 7, 2022

Brian Reilly
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Dear Mr. Reilly:

In accordance with Executive Law § 170, the following are the responses from the Office of Mental Health (OMH) to the Office of the State Comptroller's (OSC's) draft audit report entitled, "*Reporting of Community-Based Services Under the Transformation Reinvestment Plan*" (2021-S-15).

OMH appreciates that OSC shares our goal of ensuring New York State residents are benefiting from expanded, high quality, effective, and efficiently delivered community-based mental health services funded by reinvestment. OMH has implemented a robust system of reinvestment funded services aimed at helping New Yorkers avoid psychiatric hospitalization and find services in their home communities which have, to date, served over 100,000 individuals in need of care. In addition, OMH has developed an extensive oversight system and quality assurance processes specific to these services, and voluntarily provides monthly public reporting to promote transparency of this valuable investment of taxpayer funds. Our agency welcomes the opportunity to improve existing services, processes, and reporting structures in pursuit of our goal to strengthen New York State's public mental health system and promote hope, recovery, and resilience for the hundreds of thousands of people we serve each year.

While OMH has a plan in place to implement recommendations included in the report, we disagree with OSC's statement, "nor is it clear if OMH continues to track investments in the context of its 11 reinvestment areas" located on page 11 of the report. OMH's monthly reinvestment reports are an extensive demonstration of how investments into the mental health system are detailed and analyzed statewide and by facility, show how the investments are aligned with the 11 reinvestment areas, and the impact of reinvestment within communities across New York State. This is in addition to reports and dashboards providing insight into the operations and performance of the larger public mental health system. Furthermore, OMH consistently monitors the systemic impact of reinvestment services, and works with both counties and providers to strengthen or reprogram reinvestment funded services when indicated.

OMH's responses to the recommendations are as follows:

OSC Recommendation 1: Issue updated guidance to providers and State facilities on how to identify and count a NIS.

OMH 30-Day Response: OMH agrees with this recommendation and will issue written guidance to further strengthen this measurement process by April 2023. OMH will also explore the possibility of improved metrics for reinvestment service utilization.

OSC Recommendation 2: Provide guidance or notes on the monthly reports indicating which services and counties report quarterly vs. monthly and the associated impact to provide better context to readers of the reports.

OMH 30-Day Response: OMH agrees with this recommendation and will add additional content to the monthly reports identifying reporting schedules by provider and service type by April 2023.

OSC Recommendation 3: Include information on the monthly reports to clearly show progress toward achieving targets in the 11 reinvestment areas for the Plan.

OMH 30-Day Response: The 11 reinvestment areas in the Plan are a summary of general programmatic areas of reinvestment, including established capacity at the time of the report (2017). As with any initiative, programs offered may change based on community need, program performance, budgetary increases, and contractual obligations. OMH publishes detail on the programs within each of these larger areas in its monthly reports to demonstrate utilization and service development trends over time. With that said, OMH recognizes the value of connecting reinvestment services to larger outcome measures and will explore opportunities to publish additional information or data in other reports/dashboards that speaks to the overall impact of reinvestment funding.

Please let us know if you have any questions or require additional information concerning the above.

Sincerely,

Moira Tashjian
Executive Deputy Commissioner

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