



Board Agenda Item 24

DATE: February 11, 2025

TO: Board of Supervisors

SUBMITTED BY: Susan L. Holt, Director of Behavioral Health

SUBJECT: Repayment Agreements with Mental Health Systems, Inc. and Central California Recovery, Inc.

RECOMMENDED ACTION(S):

1. **Approve and authorize the Chairman to execute a Repayment Agreement with Mental Health Systems, Inc. dba TURN Behavioral Health Services for the recoupment of funds paid for substance use disorder residential treatment services found to be out of compliance for the FY 2019-20, effective upon execution through February 28, 2026, total not to exceed \$30,165; and**
2. **Approve and authorize the Chairman to execute a Repayment Agreement with Central California Recovery, Inc. for the recoupment of funds paid for substance use disorder outpatient treatment services through Department of Health Care Services' cost reporting process for FY 2017-18, effective upon execution through February 28, 2026, total not to exceed \$15,703.**

Approval of the first recommended action will allow Mental Health Systems, Inc. (MHS) to repay the Department over an extended term previously compensated services that have been identified as ineligible for reimbursement by the Department of Health Care Services (DHCS) after a review of the services provided. Approval of the second recommended action will allow Central California Recovery, Inc. (CCR) to repay the Department over an extended term previously compensated funds that have been found to be out of compliance with DHCS's cost reporting process. This item is countywide.

ALTERNATIVE ACTION(S):

If your Board does not approve the recommended actions, MHS and CCR would have to repay the owed funds immediately with a lump sum payment, which would create a financial hardship for both contractors.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The repayment agreements would allow Mental Health Systems, Inc. and Central California Recovery, Inc. to enter into a repayment agreement with the County to return \$30,165 and \$15,703, respectively. These amounts would be divided into 12-month installments. Sufficient appropriations are included in the Department's FY 2024-25 Adopted Budget for Org 5630 and will be included in future budget requests.

DISCUSSION:

Mental Health Systems, Inc. dba TURN Behavioral Health Services, provided residential substance use

disorder treatment services during FY 2019-20 under County Agreement 18-690. In October 2021, DHCS conducted a Postservice/Postpayment utilization review of beneficiary records, personnel documentation, policies, and procedures and identified deficiencies. Because services were provided while not in full compliance, they are disallowed and must be recouped from the provider. DHCS no longer recoups funds through the cost settlement process; therefore, the Department must recoup these services directly from the provider. The exact recoupment amount is \$30,165.12 and the provider has elected to have 12 equal deductions in the amount of \$2,513.76 withheld from invoices for current services under current County Agreement 23-291 for Residential Drug Medi-Cal Treatment Services.

Central California Recovery, Inc. provided outpatient substance use disorder treatment services during FY 2017-18 under County Agreements 16-360, and 16-360-1. On September 21, 2022, DHCS completed the cost report process and determined that CCR owed the Department \$15,703 in the final cost report settlement due to CCR's accounting system not complying with Federal regulation requirements and generally accepted accounting principles, the cost report workbook not prepared accurately, erroneously reported costs, and units of services not in compliance with California Code of Regulations. DHCS no longer recoups funds through the cost settlement process; therefore, the Department must recoup these services directly from the provider. The exact recoupment amount owed is \$15,703.00 and the provider has elected to repay in 12 payments: 11 payments in the amount of \$1,308.58 and one payment in the amount of \$1,308.62.

REFERENCE MATERIAL:

BAI 45, June 20, 2023
BAI 34, December 11, 2018
BAI 43, June 20, 2017
BAI 30, June 21, 2016

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - MHS Provider Recoupment Repayment Agreement
On file with Clerk - CCR Provider Recoupment Repayment Agreement
On file with Clerk - Digital Signature Audit - MHS Provider Recoupment Repayment Agreement

CAO ANALYST:

Ronald Alexander