

FRAUD PREVENTION PROGRAM MIDDLE FLINT BEHAVIORAL HEALTHCARE

Middle Flint Behavioral HealthCare, as with any other business, can be and has been subjected to fraud. Fraud depends on three factors: opportunity, incentive and rationalization. Middle Flint Behavioral HealthCare considers each factor, performs ongoing risk assessments and has or will implement measures to mitigate the occurrence of fraud in financial reporting and misappropriation of assets.

Financial Reporting

- Opportunities: Medicaid revenue receivables are based on estimates.
Diverse mix of program types.
- Incentives: Declining levels of funding.
Funds must be spent on a “use or lose” basis in order to maintain future funding levels.
- Rationalization: Do not need to show a “loss”.
Need to maintain funding levels in reimbursement programs.

It is true that grant-in-aid funding has decreased and that with the advent of managed care, Medicaid funding has also decreased. However, in response to declining levels of funding, Middle Flint Behavioral HealthCare has also reduced expenses and sought other funding sources.

The Community Service Board exerts no pressure to show a “profit” or a “loss”. It appropriately questions financial reports presented and services provided.

For reimbursement programs, all expenditures must be approved according to Policy 200.05: Requisition and Purchase Order System. The expenditures are monitored closely by the manager of the program and by the Chief Financial Office to ensure there is adequate and appropriate documentation for expenditures.

Estimates for Medicaid receivables established are based on experience of revenues received in prior months and are confirmed by subsequent receipt over the next six months.

Middle Flint Behavioral HealthCare’s primary defense against fraudulent financial reporting is that the attitude does not exist within the Board or the management of Middle Flint Behavioral HealthCare.

Misappropriation of Assets

- Opportunities:** Control over consumer funds, petty cash, change boxes and collections from consumers.
Control over gas cards, purchasing cards and credit cards.
Documentation for employee timesheets, consumer records, and mileage reimbursements.
Theft of Agency property, including supplies, food/meals, inappropriate use of vehicles, telephones and other equipment.
- Incentives:** Current economic climate.
Fear of layoffs, furloughs, or closure of programs.
Perceived unreasonable expectations on the part of management.
- Rationalizations:** Individual financial needs.
Individual was going to pay it back.
No one will know.
Dissatisfaction with the Agency.

Middle Flint Behavioral HealthCare's operating internal controls and constant monitoring mitigate the above listed opportunities. Segregation of duties exists over the different phases of cash transactions. Staff that collect cash do not also post payments to consumers accounts nor make the deposits. Purchases are approved according to the Policy 200.05: Requisition and Purchase Order System and checks are not written without appropriate approval and documentation. Consumer funds, which belong to the consumer and are kept in the residences, are subject to surprise audits. Policy 200.21: Petty Cash Funds establishes how petty cash is handled on the units and surprise audits also ensure that the policy is being followed. Change boxes are checked at the end of the day and are subject to surprise audits.

All gas, purchasing and credit cards must be signed for before being issued and are identifiable to an individual. Receipts and invoices are reviewed for appropriateness at different levels. The mileage is documented with the gas purchased each time and limits are in place for the dollar value that can be purchased during a day. Any purchasing card transaction must be supported by a purchase order detailing what is to be purchased. Agency credit cards are only issued to Executive Committee members, carry very low limits and are used primarily for reserving hotel accommodations.

Improper documentation for employee timesheets, in consumer records for services delivered, and mileage reimbursements requests. The primary defenses against fraud are management review and internal audits. Managers are required to review and approve each employee timesheet. As an additional step, Personnel staff also reviews the timesheets, as well as, other data entry staff.

Documentation for services delivered is reviewed by the manager prior to being finalized (concurrent review). Checks and balances exist between the appointment schedule and progress notes to ensure that a progress note exists for each kept appointment. Internal audits are performed regularly to check for quality and existence of documentation. Middle Flint Behavioral HealthCare has, as an additional monitoring activity, developed a telephone survey and conducts random surveys with consumers about specific visits. This is currently done for CSI services.

Mileage reimbursements requests are reviewed by the supervisor, and then by the Payroll Clerk for completeness and accuracy. Middle Flint Behavioral HealthCare should establish standard mileages between frequent locations and reimburse for that amount.

As for the final area of opportunity to be reviewed, theft of Agency property can cover a multitude of items, ranging from office supplies, food and meals, use of vehicles, telephones, and other equipment. It is vitally important to maintain control over Agency property. All consumable supplies (local stock) are kept in a locked area and control over the keys is maintained by two staff. Supplies are issued only through a requisition system. Middle Flint Behavioral HealthCare should consider that a similar system is implemented at each site that requisitions local stock and limits be established for quantities issued each month.

Food is purchased for residential sites and meals are purchased for the day programs. Middle Flint Behavioral HealthCare must ensure that employees are not benefiting from the meals without appropriate reimbursement. Managers review the grocery receipts against the menus to ensure that purchases match planned meals. Meal programs in the day programs are monitored through the Child and Adult Food Program manager. Invoices and number of meals claimed are reconciled and meals eaten by staff are reimbursed. In addition, meals are observed periodically as part of the monitoring requirements.

To ensure the proper usage of agency vehicles, managers and the transportation unit monitor vehicle logs which document all trips. Also, each vehicle bears a bumper sticker with reporting information for the general public to make complaints.

To ensure the proper usage of telephones, landline or cellular, the Accounts Payable Clerk reviews all bills and submits a copy to each unit for manager and employee review. Any personal calls are indicated and reimbursed.

To ensure the proper usage of other equipment, such as postage and fax machines, personal usage is monitored and reimbursement is required at the time.

Middle Flint Behavioral HealthCare does maintain a fixed asset inventory and the procedures for maintaining it are contained in Policy 200.30: Equipment Inventory. Items are added to inventory as purchased and tagged and removed by completing a request, approved by the Chief Financial Officer. Periodic physical inventories are completed to ensure that assets remain where assigned.

As a final line of defense against fraud, Middle Flint Behavioral HealthCare has established a Corporate Compliance Plan, which by reference, is made part of this Fraud Prevention Plan. It models the code of conduct and ethics for the entire Agency and requires annual training to ensure that staff understands the code of conduct, ethics, and the mechanism for reporting violations. It is an active process and any complaints, investigations and outcomes are reported monthly to the Community Service Board.

In the event that an act of fraud is suspected, the Corporate Compliance Officer will institute an immediate investigation utilizing appropriate staff with the necessary skills. If Medicaid fraud is determined to have occurred, then law enforcement will be notified, immediate repayment of claims to Medicaid will be completed, appropriate legal actions against the perpetrator will be taken to ensure restitution and the Community Service Board will be notified at its next meeting. If other types of fraud are determined to have occurred, then law enforcement will be notified, legal actions will be taken against the perpetrator to ensure restitution and the Community Service Board will be notified at its next meeting. Further, instances of fraud will be analyzed to determine what safeguards and internal controls shall be put in place to prevent future occurrences.

In conclusion, risk management activities are an ongoing process and the Agency must be vigilant to detect areas of risk and then develop ways to mitigate them.