



Contract Management Review of Mental Health and Substance Abuse Services

Senate Budget Committee
November 1, 2011



Contract Management Review of Mental Health and Substance Abuse Services

Using the State Contract Management System, the Senate Budget Office found:

- \$1.27 billion is spent on mental health and substance abuse services.
- **Five agencies purchased these services:** Department of Children and Families, Agency for Health Care Administration, Department of Juvenile Justice, Department of Corrections and Department of Health.
- There is an opportunity to leverage state's purchasing power to increase efficiency in the procurement of these services.



Contract Management Review of Mental Health and Substance Abuse Services

The Senate Budget Office asked the Office of Program Policy Analysis and Government Accountability to:

- Review the data in the State Contract Management System; and
- Analyze a sample of state agency contracts for mental health and substance abuse for opportunities to improve the procurement of these services.



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Agency	Examples of Client Populations, Services, and Providers
Department of Children and Families	<ul style="list-style-type: none">• Range of community-based services, e.g., alcohol prevention programs in schools, competency restoration services to juveniles, support services to prevent hospitalization of persons with psychiatric disabilities, and crisis support hotlines• Managing entity organizations• Direct and indirect services at state mental health institutions
Agency for Health Care Administration	<ul style="list-style-type: none">• Prepaid mental health plans• Statewide Inpatient Psychiatric Program that serves Medicaid recipients 17 years of age or younger• Utilization management and research contracts with state universities
Department of Juvenile Justice	<ul style="list-style-type: none">• Services for juveniles in detention centers, such as psychiatric evaluations• Services, such as crisis intervention, psychotropic medication management, and suicide prevention for juveniles with a mental health diagnosis at residential facilities
Department of Corrections	<ul style="list-style-type: none">• Substance abuse services, such as group therapy, to offenders on community supervision• Substance abuse and mental health services for inmates in correctional facilities
Department of Health	<p>All contracts provide community-based services</p> <ul style="list-style-type: none">• Mental health assessments• Group counseling for HIV/AIDS patients• Interventions for health professional licensees with substance abuse or mental health problems

Source: OPPAGA analysis of State Contract Management System database and interviews with agency staff.



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Contracts Total \$5.7 Billion for SAMH Services

Agency	Number of Contracts	Fiscal Year 2010-11			Total Amount in All Years of the Contracts
		General Revenue	Trust Fund	Total Annual	
Department of Children and Families	368	\$434,394,242	\$195,548,935	\$629,943,178	\$2,670,064,079
Agency for Health Care Administration	31	158,054,191	288,595,478	446,649,669	2,089,120,678
Department of Juvenile Justice	154	124,437,096	27,317,281	151,754,377	271,440,607
Department of Corrections	77	37,347,963	1,760,977	39,108,940	699,905,698
Department of Health	11	227,902	2,678,119	2,906,021	6,246,682
Total	641	\$754,461,395¹	\$515,900,791¹	\$1,270,362,186¹	\$5,736,777,744

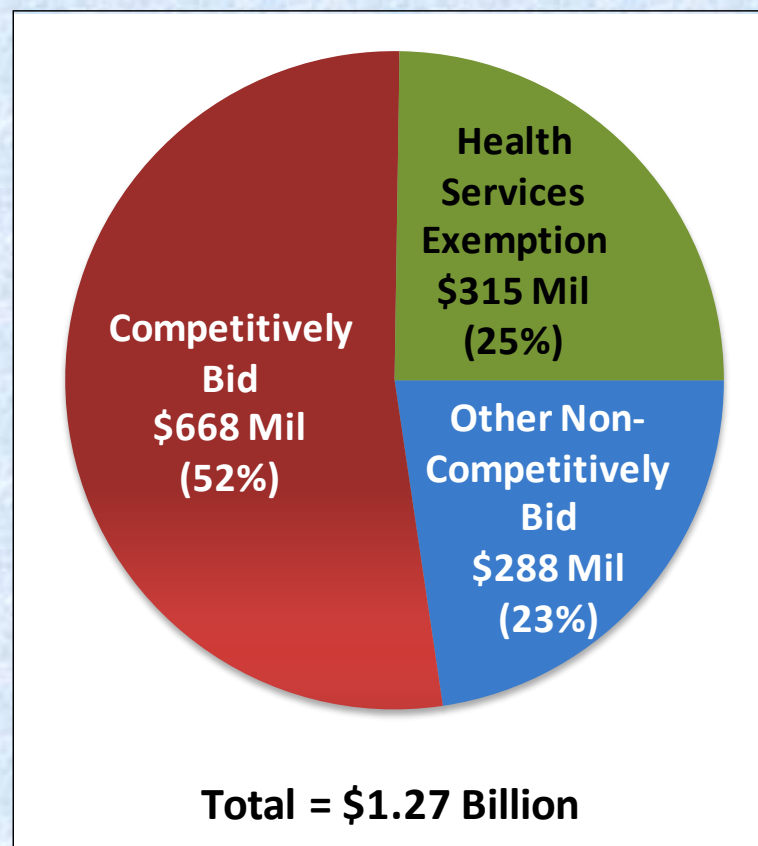
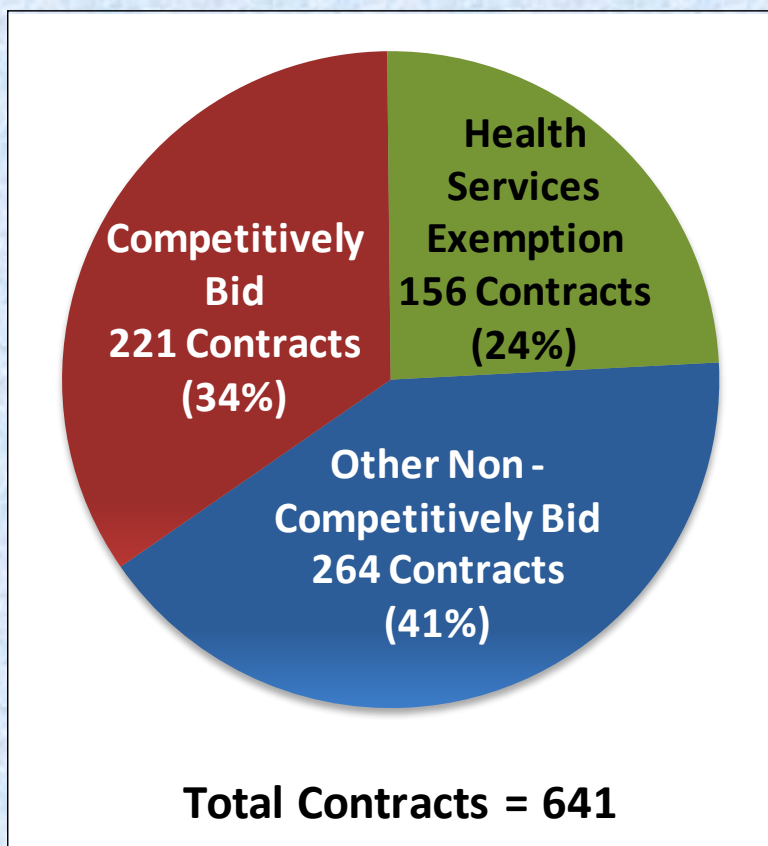
¹ Totals may differ due to rounding.

Source: OPPAGA analysis of State Contract Management System database.



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Agency Procurement Practices

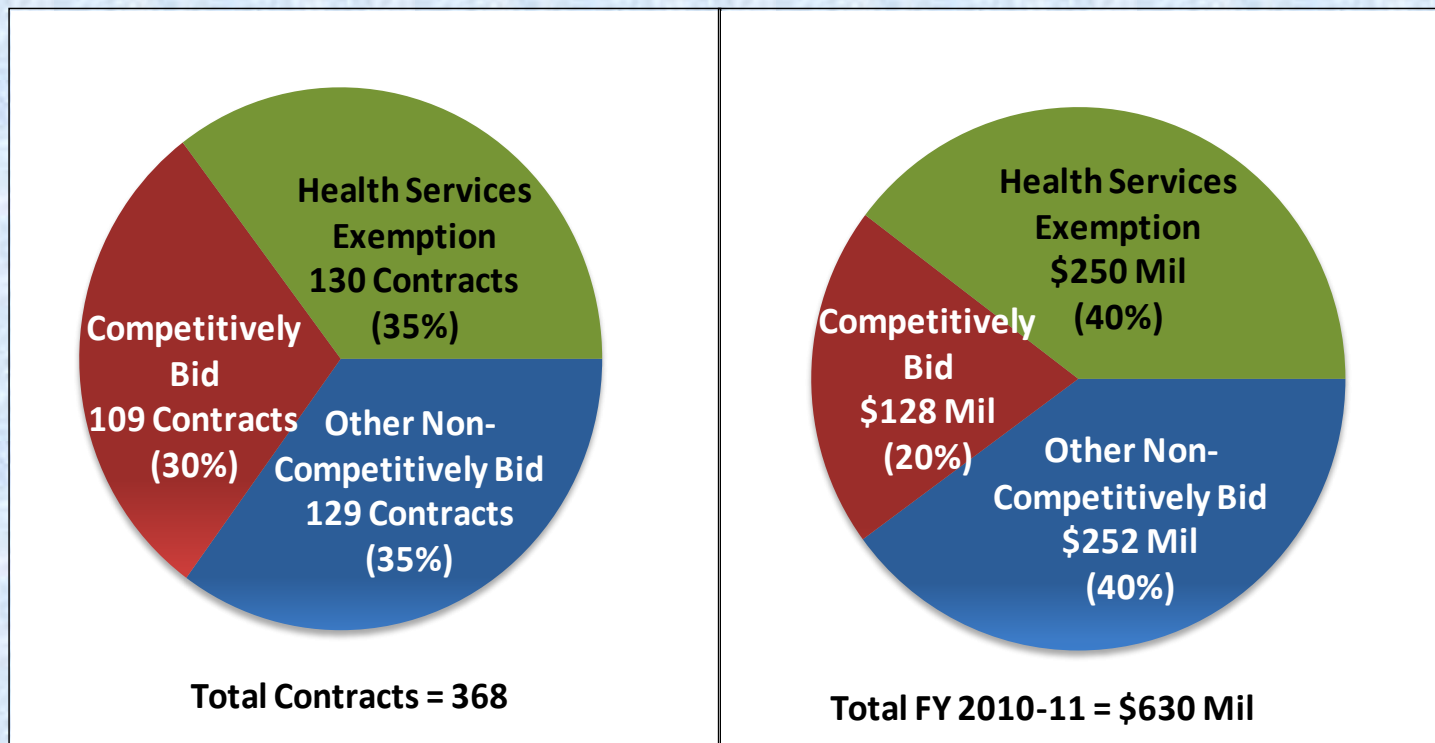


*Percentages may not equal 100%.



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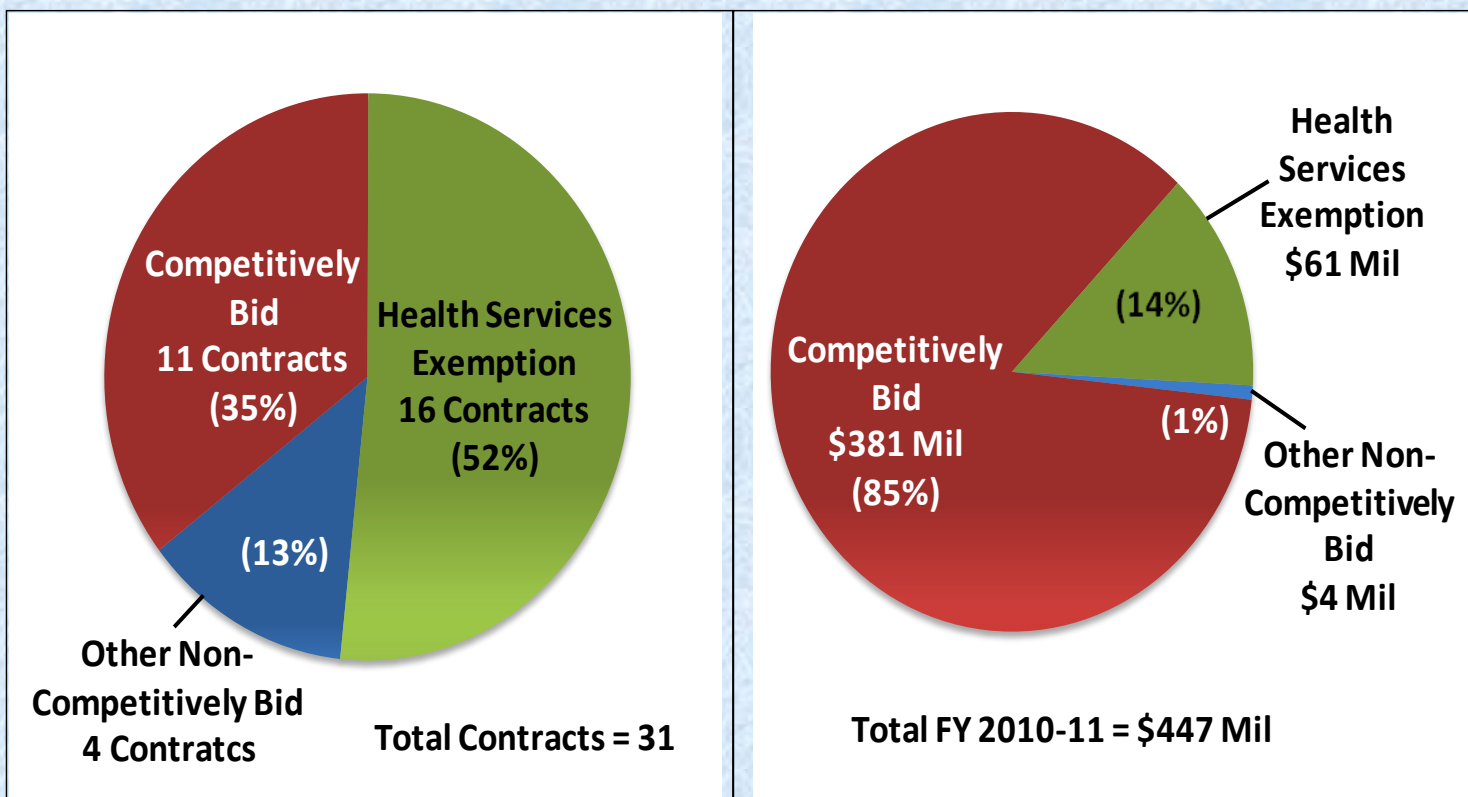
Department of Children and Families





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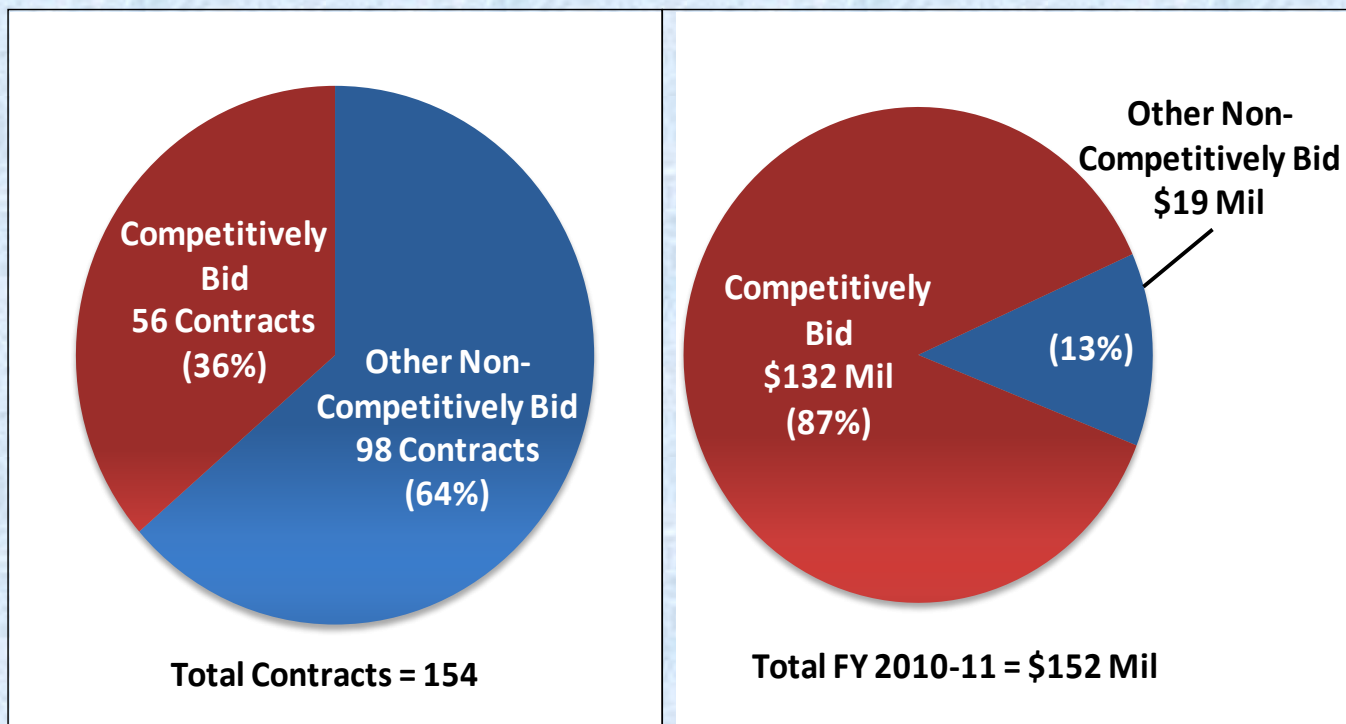
Agency for Health Care Administration





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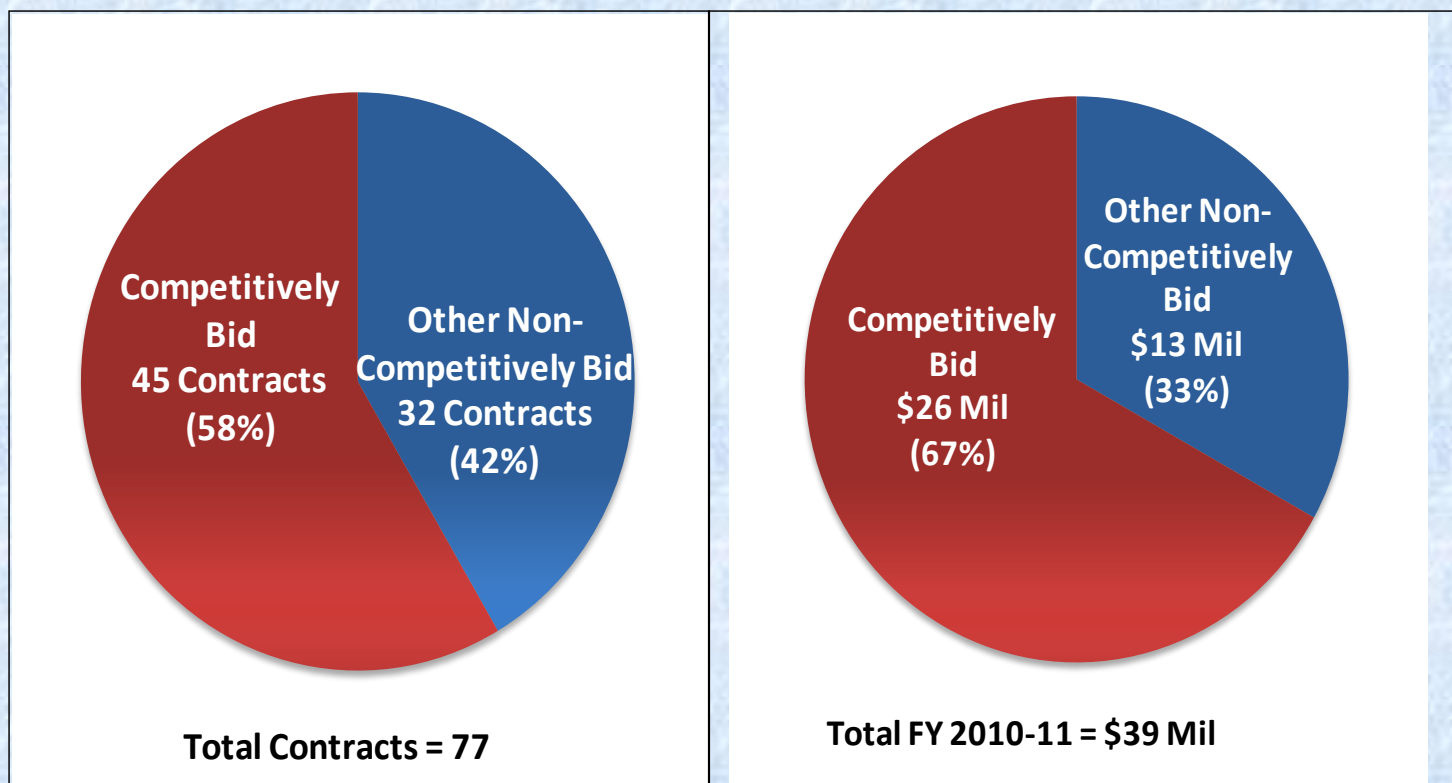
Department of Juvenile Justice





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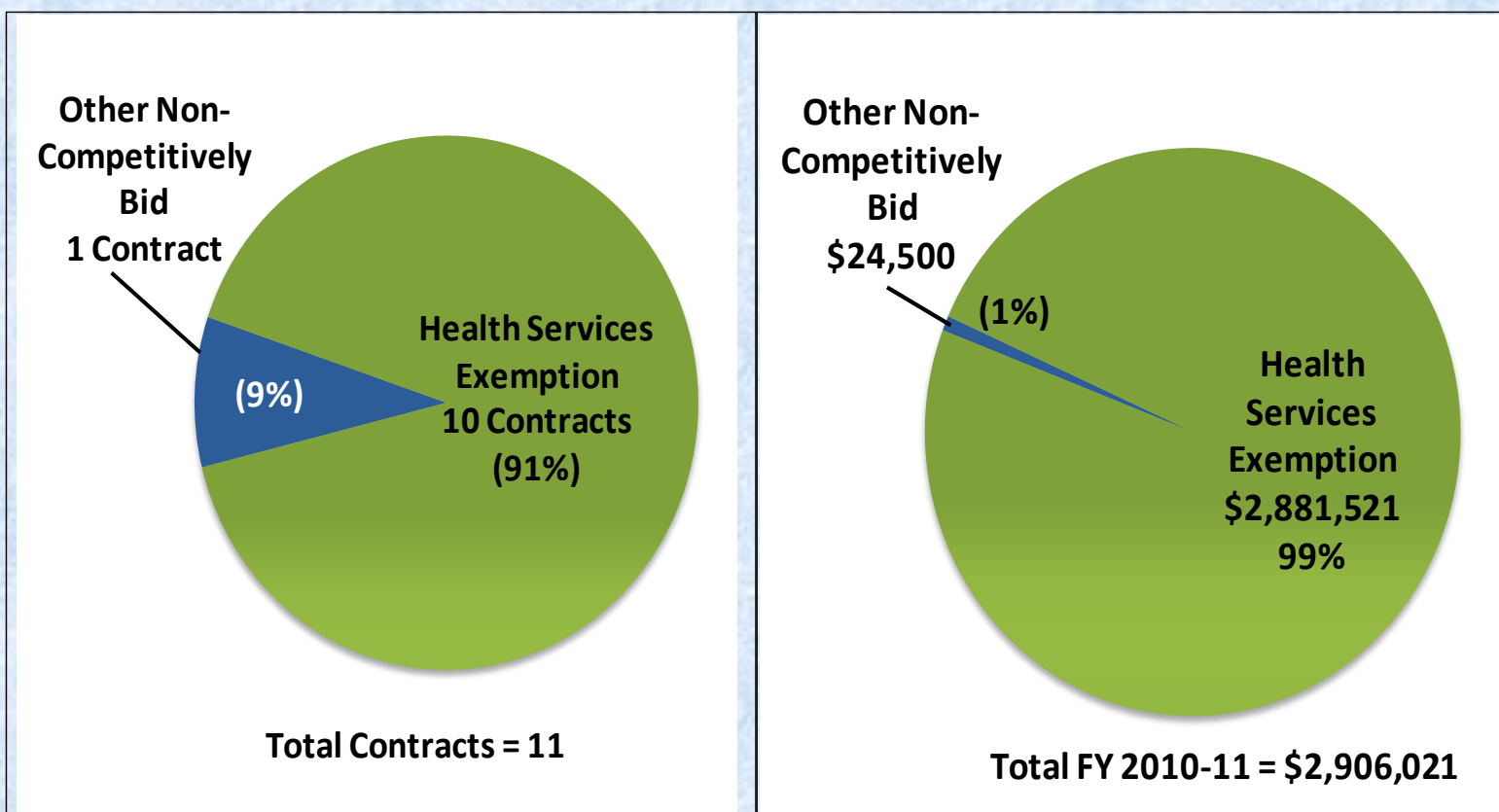
Department of Corrections





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Department of Health





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Some Agency Contracts Have Built-In Escalation Clauses

Agency	Number of Contracts	Contracts with Escalators	Fiscal Year 2011-12		Estimated Value of Escalators Over the Next Five Years	
			All Escalators	Escalators Currently in Effect	All Escalators	Escalators Currently in Effect
Department of Children and Families	368	28 (8%)	\$2,894,770 (28 contracts)	\$13,380 (1 contract)	\$12,190,798 (28 contracts)	\$13,380 (1 contract)
Department of Corrections	77	56 (73%)	\$1,013,132 (56 contracts)	\$602,350 (15 contracts)	\$4,911,778 (56 contracts)	\$2,369,003 (15 contracts)
Total	445	84	\$3,907,902	\$615,730	\$17,102,576	\$2,382,383

Source: OPPAGA analysis of State Contract Management System database and agency data.



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Agencies Pay Different Prices for Similar Services

Service Category	Agency	Mean	Minimum	Maximum
Comprehensive Evaluations Level II	DJJ	\$450	\$350	\$550
Comprehensive Evaluations Level III	DJJ	717	550	750
Mental Health and Substance Abuse Treatment Services	DJJ	57	25	200
Residential Level II (Intensive Mental Health and Substance Abuse Care)	DCF	156	83	213
Comprehensive Evaluations Level I	DJJ	267	250	350
Outpatient (Individual or Group Therapy)	DCF	53	12	84
Individual Counseling (Community-Based Outpatient Substance Abuse)	DOC	41	11	56
Community-Based Residential Program (Short-Term/Non secure)	DOC	40	19	53
Treatment Plan Review (Community-Based Outpatient Substance Abuse)	DOC	28	10	42
Intake-Screening (Community-Based Outpatient Substance Abuse)	DOC	50	42	53
Group Counseling (Community-Based Outpatient Substance Abuse)	DOC	20	14	24
Substance Abuse Education and Life Skills Training	DOC	19	14	24
Aftercare Groups (Counseling After Completing a Treatment Program)	DOC	19	14	24
Outreach (Education and Engagement of At-risk Groups)	DCF	44	42	46

Source: OPPAGA analysis of a sample of 87 contracts obtained from DCF, DJJ, and DOC. These were contracts that were included in the State Contract Management System database.



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Immediate Recommended Actions

- Suspend the use of all contract escalators, eliminate in future contracts.
- Coordinate when multiple agencies oversee and monitor same provider.
- Require contracts for mental health and substance abuse to include metrics on services provided, unit prices, and expected service outcomes.
 - Specifically with the implementation of mental health managing entities in Department of Children and Families this year.
 - Other mental health and substance abuse contracts as they are negotiated.



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Near Term Recommended Actions

- Require agencies to enter unit prices in the State Contract Management System. DMS, in conjunction with DCF, would define service units. CFO would calculate average unit prices for each service in system.
- Direct agencies to review unit prices prior to contracting and justify when paying more than average unit prices.
- Ask DMS, in conjunction with DCF, to determine the feasibility of regional or state term contracts for mental health and substance abuse services.
- Staff will work with the committee to implement accepted recommendations through the executive branch, substantive law, or the General Appropriations Act.