

# STATE OF NEVADA

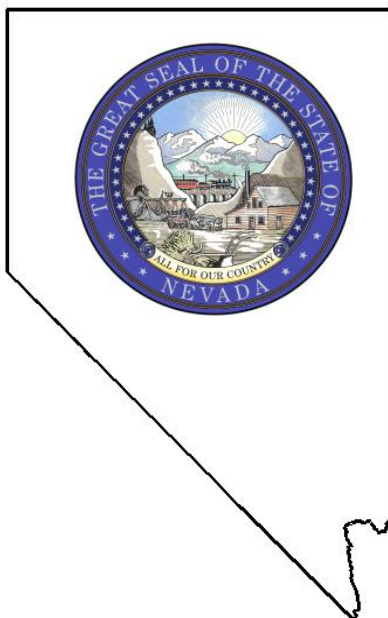
---

## Performance Audit

Department of Health and Human Services  
Division of Public and Behavioral Health

Adult Mental Health Services  
Payments to Contractor and State-Employed  
Psychiatrists and Psychologists

2019



Legislative Auditor  
Carson City, Nevada

---

# Audit Highlights



Highlights of performance audit report on the Adult Mental Health Services, Payments to Contractor and State-Employed Psychiatrists and Psychologists was released on May 2, 2019. Legislative Auditor report # LA20-07.

## Background

Within the Division of Public and Behavioral Health (Division), the Clinical Services Branch provides adult mental health services primarily through Northern Nevada Adult Mental Health Services (NNAMHS), Southern Nevada Adult Mental Health Services (SNAMHS), and Rural Counseling and Supportive Services. The primary clients of these agencies are Nevadans with mental illness who are underinsured, uninsured, and those whose conditions have resulted in interaction with law enforcement.

The Division operates two civil psychiatric hospitals: Dini-Townsend in Sparks, and Rawson-Neal in Las Vegas for individuals needing a high level of psychiatric care requiring 24-hour observation and supervision by mental health professionals. In addition, two forensic psychiatric hospitals, Lake's Crossing Center at NNAMHS and the Stein Forensic Unit at SNAMHS, provide maximum security facilities to offenders referred from the court system for competency issues.

NNAMHS and SNAMHS provide behavioral health outpatient services including crisis intervention, day treatment, medication clinics, psychiatric services, group and individual mental health therapy, mental health court in collaboration with the criminal justice system, and the mobile crisis team.

## Purpose of Audit

The purpose of the audit was to determine whether the Division has adequate controls over payments to contractors and state-employed psychiatrists and psychologists during fiscal year 2017, but included review of certain information from prior years and January 2019.

## Audit Recommendations

This audit report contains five recommendations to improve the Division's oversight of payments to psychiatrists and psychologists and four recommendations to improve internal controls over contracting processes.

The Division accepted the nine recommendations.

## Recommendation Status

The Division's 60-day plan for corrective action is due on July 29, 2019. In addition, the six-month report on the status of audit recommendations is due on January 29, 2020.

## Adult Mental Health Services Payments to Contractor and State-Employed Psychiatrists and Psychologists

### Division of Public and Behavioral Health

## Summary

The Division needs stronger program oversight for payments to psychiatrists and psychologists (clinicians) to improve accountability by its contractors and employees. In many instances, supporting documentation was not available to verify hundreds of hours paid to the clinicians. Better monitoring of hours worked will enhance accountability by clinicians that work at inpatient and outpatient settings. Furthermore, \$167,000 was improperly paid over a period of years to two psychiatrists that claimed on-call pay when they were ineligible.

The Division also needs stronger internal controls over contracting for clinical services to reduce the risk of overpayments. Contract rates were not adequately documented for two large staffing contractors with State Purchasing Division contracts. In addition, payments were processed to staffing contractors and contract clinicians despite rate discrepancies or incomplete documentation in 19 of 65 (29%) payments we tested. Finally, abuse of travel expenses went unchecked for the payments we tested to a contractor that provided interpreter services to a SNAMHS patient.

## Key Findings

A significant portion of the hours billed by inpatient contractors, primarily at SNAMHS, could not be verified as worked. For 23 payments to contractors, 702 of 1,344 hours billed (52%) were unsupported. Management stated the unverified time was linked to SNAMHS' policy of permitting offsite work, which clinicians "self-reported" without any documentation requirements. In contrast, NNAMHS' management did not permit offsite work. (page 8)

Similar issues with lack of accountability for hours claimed were noted for state-employed clinicians assigned to inpatient facilities. For the 13 paychecks of inpatient employees we tested, comparison of the daily hours paid to building controlled access records and to the employees' usage data in the Avatar system, showed there was no accountability for 346 of 878 (39%) regular hours worked. Furthermore, there was no requirement for state-employed clinicians to be accountable for their offsite time. (page 9)

We identified concerns over the propriety of certain payments to psychiatrists in management positions at NNAMHS and SNAMHS. First, improper payments totaling over \$167,000 for on-call pay were made for many years to two state-employed psychiatrists in management positions at SNAMHS. One of these individuals received on-call pay for 363 days in fiscal year 2017, by claiming the pay for on-call duties at both NNAMHS and SNAMHS, and while taking annual and administrative leave from the individual's management job at SNAMHS. Second, NNAMHS uses an independent contractor to fill an administrative position. The contractor's responsibilities include administrative powers over employees that may qualify as an employment relationship with the State, rather than independent contractor status. (page 11)

Contract rates were not adequately documented for two large staffing contractors that NNAMHS and SNAMHS paid over \$3.4 million in 2017. NNAMHS staff indicated managers determine the rates based upon comparable state positions, but the process was undocumented. SNAMHS staff had a similar explanation and had no documentation of negotiated rates for psychiatrists and psychologists. When agencies utilizing staffing contractors do not document standardized rates or the rationale for the agreed-upon rates, there is an increased risk that favoritism or bias may result in paying a higher rate than necessary. (page 17)

Questionable and incorrect billing rates were noted for 13 of 65 (20%) payments to staffing contractors and contract clinicians. For example, six payments were to a NNAMHS staffing contractor that received \$190 per hour for a specific licensed psychiatrist. This was the highest contract rate for a licensed psychiatrist that we noted. NNAMHS' file documentation showed the rate increase was done by separate contract, so as not to set a precedent concerning the going rate for other contract clinicians. (page 18)

The Division did not adequately monitor travel and hours worked by a contractor to prevent improper payments. Abuse of travel expenses went unchecked concerning a contractor that provided certified deaf and hearing interpreter services to a SNAMHS patient at the Stein Forensic Unit. We found over \$2,300 in travel claims exceeded amounts allowed by the State and the vendor's contract. In addition, \$5,520 was paid for interpreter services that were unsupported. Review of payment voucher documentation showed SNAMHS fiscal personnel did not understand the state travel requirements and approved the billings without adequate supporting documentation. (page 21)

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
401 S. CARSON STREET  
CARSON CITY, NEVADA 89701-4747



LEGISLATIVE COMMISSION (775) 684-6800

JASON FRIERSON, *Assemblyman, Chair*  
Rick Combs, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821

MAGGIE CARLTON, *Assemblywoman, Chair*  
Cindy Jones, *Fiscal Analyst*  
Mark Krmpotic, *Fiscal Analyst*

RICK COMBS, *Director*  
(775) 684-6800


BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830  
ROCKY COOPER, *Legislative Auditor* (775) 684-6815  
MICHEL J. STEWART, *Research Director* (775) 684-6825

Legislative Commission  
Legislative Building  
Carson City, Nevada

This report contains the findings, conclusions, and recommendations from our performance audit of the Department of Health and Human Services, Division of Public and Behavioral Health, Adult Mental Health Services, Payments to Contractor and State-Employed Psychiatrists and Psychologists. This audit was conducted pursuant to the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This audit report contains five recommendations to improve the Division's oversight of payments to psychiatrists and psychologists and four recommendations to improve internal controls over contracting processes. We are available to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other state officials.

Respectfully submitted,



Rocky Cooper, CPA  
Legislative Auditor

April 23, 2019  
Carson City, Nevada

# Adult Mental Health Services Payments to Contractor and State-Employed Psychiatrists and Psychologists

## Table of Contents

Introduction .....	1
Background.....	1
Scope and Objective .....	6
Stronger Program Oversight Needed Over Payments to Psychiatrists and Psychologists .....	7
Payments for Inpatient Services Were Largely Unsupported.....	7
Payments to Clinicians for Outpatient Services Had Less Discrepancies.....	10
Concerns With the Propriety of Certain Payments to Psychiatrists in Management.....	11
Stronger Fiscal Controls Needed Over Contracting for Clinical Services .....	17
Fiscal Review Process Needs Improvement .....	17
Contractor Abuse of Travel Claims Not Detected .....	21
Appendices	
A. Audit Methodology.....	23
B. Response From the Division of Public and Behavioral Health .....	27

# Introduction

## Background

In July 2013, the former Health Division and the Mental Health portion of the Division of Mental Health and Developmental Services merged to form the Division of Public and Behavioral Health (Division). Within the Division, the Clinical Services Branch provides statewide inpatient, outpatient, and community-based public and behavioral health services to Nevadans. There are four agencies within the Clinical Services Branch that provide adult mental health services:

- Lake's Crossing Center, a forensic psychiatric maximum security hospital;
- Northern Nevada Adult Mental Health Services (NNAMHS);
- Rural Counseling and Supportive Services (Rural Clinics); and
- Southern Nevada Adult Mental Health Services (SNAMHS).

The primary clients of these agencies are Nevadans with mental illness who are underinsured, uninsured, and those whose conditions have resulted in interaction with law enforcement. Exhibit 1 shows the average caseload per month for adult mental health services statewide in fiscal year 2018.

**Monthly Average Caseloads  
Fiscal Year 2018**

**Exhibit 1**

<b>Program</b>	<b>NNAMHS</b>	<b>SNAMHS</b>	<b>Rural Clinics</b>	<b>Total</b>
Inpatient Services <sup>(1)</sup>	152	160	0	312
Outpatient Services <sup>(2)</sup>	360	1,332	2,010	3,702
Medication Clinics <sup>(3)</sup>	1,649	3,717	2,165	7,531

Source: Department of Health and Human Services, Director's Office.

<sup>(1)</sup> Includes inpatient psychiatric and forensic facilities.

<sup>(2)</sup> Includes service coordination and other outpatient programs.

<sup>(3)</sup> Represents the average population the agency serves.

**Budget and Staffing**

The Clinical Services Branch administers four budget accounts for adult mental health services, one for each of the mental health agencies. The four agencies are funded primarily through State appropriations, Medicaid, and Medicare. Exhibit 2 shows revenues and expenditures for adult mental health services for fiscal year 2018.

**Revenues and Expenditures by Agency  
Fiscal Year 2018**
**Exhibit 2**

Revenues	SNAMHS	NNAMHS	Rural Clinics	Lake's Crossing Center	Totals
Appropriations	\$77,346,800	\$25,426,100	\$10,687,827	\$11,332,985	\$124,793,712
Beginning Cash	357,515	–	–	–	357,515
Medicaid and Medicare	6,887,295	3,652,165	3,287,934	–	13,827,394
Federal Funds	1,762,667	770,175	108,834	–	2,641,676
Transfers <sup>(1)</sup>	652,724	14,702	241,446	–	908,872
Insurance Recoveries	88,800	156,585	470,835	–	716,220
Local Governments	–	–	–	487,000	487,000
Client Charge	26,866	12,157	185,482	–	224,505
Other <sup>(2)</sup>	15,744	9,926	2,150	9,362	37,182
<b>Totals Revenues</b>	<b>\$87,138,411</b>	<b>\$30,041,810</b>	<b>\$14,984,508</b>	<b>\$11,829,347</b>	<b>\$143,994,076</b>
<b>Expenditures</b>					
Personnel	\$49,695,247	\$15,233,889	\$8,986,438	\$8,677,734	\$82,593,308
Program Costs	22,127,476	8,740,303	2,420,026	1,872,489	35,160,294
Operating and Travel	5,532,975	1,468,511	1,397,575	619,242	9,018,303
Medications	2,511,746	310,845	–	307,824	3,130,415
Information Services	952,681	310,258	355,038	87,821	1,705,798
State Cost Allocations	459,452	272,350	109,188	72,875	913,865
Reserve for Reversion	–	–	460,397	–	460,397
<b>Total Expenditures</b>	<b>\$81,279,577</b>	<b>\$26,336,156</b>	<b>\$13,728,662</b>	<b>\$11,637,985</b>	<b>\$132,982,380</b>
Differences	\$ 5,858,834	\$ 3,705,654	\$ 1,255,846	\$ 191,362	\$ 11,011,696
Less: Reversions to General Fund <sup>(3)</sup>	(5,565,060)	(3,705,654)	(1,255,846)	(191,362)	(10,717,922)
<b>Balance Forward to 2019</b>	<b>\$ 293,774</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>\$ 293,774</b>

Source: State accounting system.

<sup>(1)</sup> Transfers include funds from other state agencies.

<sup>(2)</sup> Other includes photocopy service charges, refunds, and Social Security Administration incentive payments.

<sup>(3)</sup> Reversions attributable to savings of \$6.3 million in personnel costs, \$1.2 million in professional services, and \$3.2 million in various program expenditures.

For fiscal years 2018 and 2019, NNAMHS and SNAMHS were approved for a combined total of 970 and 958 positions. For the 2018 – 2019 Biennium, the agencies' workforce was reduced by 5% overall, with 51 positions less than fiscal year 2017 levels of 1,009 authorized positions. The Division explained the reduction in budgeted staff was due to the effects of decreased patient demand caused by a shift in services to the community as a result of the Affordable Care Act. In addition, staff reductions were the result of the elimination of several programs and operating locations, and operational efficiencies.

NNAMHS' mental health services and administration are conducted from the Sparks, Nevada campus. SNAMHS conducts adult mental health services at locations throughout southern Nevada, including its main Charleston campus in Las Vegas.

**Inpatient Mental Health Services**

The Division provides direct services for those suffering from mental illness by operating inpatient psychiatric hospitals in northern and southern Nevada. The civil psychiatric hospitals include Dini-Townsend in Sparks, and Rawson-Neal in Las Vegas. The forensic psychiatric hospitals include Lake's Crossing Center at NNAMHS and Stein Forensic Unit (Stein) at SNAMHS.

Inpatient psychiatric hospitalization services assist individuals needing a high level of psychiatric care requiring 24-hour observation and supervision by mental health professionals. Lake's Crossing Center and Stein provide statewide forensic mental health services in maximum security facilities to offenders who are referred from the court system so their competency can be restored. Lake's Crossing Center and Stein are Nevada's only facilities for this purpose and serve people throughout the State. Exhibit 3 shows the number of beds and average stay for the psychiatric and forensic hospitals.

**State Psychiatric and Forensic Hospitals** **Exhibit 3**  
**Number of Beds and Average Patient Stay**

<b>Hospitals</b>	<b>Type</b>	<b>Number of Staffed Beds<sup>(1)</sup></b>	<b>Average Stay in Days<sup>(2)</sup></b>
Dini-Townsend	Psychiatric	30	17.3
Rawson-Neal	Psychiatric	88	16.7
Lake's Crossing Center	Forensic	86	95.4
Stein Forensic Unit	Forensic	78	67.3
<b>Total</b>		<b>282</b>	

Source: Department of Health and Human Services, Office of Analytics.

<sup>(1)</sup> Number of staffed beds in fiscal year 2018.

<sup>(2)</sup> Average hospital stay as of February 2019.

**Outpatient Mental Health Services**

Behavioral health outpatient services are provided by NNAMHS and SNAMHS in urban and rural community settings. Examples of outpatient programs offered include crisis intervention services,



day treatment services, medication clinics, psychiatric services, group and individual mental health therapy, mental health court in collaboration with the criminal justice system, and the mobile crisis team.

### **Electronic Medical Records**

The Division uses a web-based, vendor-hosted application called Avatar for medical records. This software is a certified electronic health record specific to behavioral and addiction treatment in community-based, residential, and inpatient programs. Avatar is used to manage patient medical records, process billing claims, and produce reports for program analysis.

### **Professional Service Contractors Used to Compensate for Vacant Positions**

During the audit, the Division used temporary services contractors that provided medical staffing. In addition, the Division routinely contracted with individual professional providers of psychiatric services. For adequate staffing levels of psychiatric and other clinical positions, NNAMHS and SNAMHS relied extensively upon the use of individual contractors and those that provided temporary staff. Exhibit 4 shows authorized and vacant psychologist and psychiatrist positions for NNAMHS and SNAMHS as of February 2019.

### **NNAMHS and SNAMHS Vacancies Psychologist and Psychiatrist Positions** **Exhibit 4**

<b>Agency/Position</b>	<b>Authorized Positions</b>	<b>Filled Positions</b>	<b>Vacant Positions</b>
<b><u>NNAMHS</u></b>			
Psychologist 1	5	4	1
Senior Psychiatrist	3	1	2
<b><u>SNAMHS</u></b>			
Psychologist 1 and 2	15	11	4
Senior Psychiatrist	30	6	24
<b>Total</b>	<b>53</b>	<b>22</b>	<b>31</b>

Source: State Human Resources Data Warehouse as of February 2019.

## **Scope and Objective**

The scope of our audit included a review of the Division's oversight of psychiatrists and psychologists that provide services to adult mental health clients. The primary focus of our audit was fiscal year 2017, but included review of certain information from prior years and January 2019. Our audit objective was to:

- Determine whether the Division has adequate controls over payments to contractors and state-employed psychiatrists and psychologists.

This is the third of three audits on adult mental health services issued since January 2018. During 2018, work on this audit was delayed more than 5 months, to prioritize Audit Division resources.

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of NRS 218G.010 to 218G.350. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

# Stronger Program Oversight Needed Over Payments to Psychiatrists and Psychologists

The Division needs stronger program oversight for payments to psychiatrists and psychologists (clinicians) to improve accountability by its contractors and employees. In many instances, supporting documentation was not available to verify hundreds of hours paid to the clinicians. Better monitoring of hours worked will enhance accountability by clinicians that work at inpatient and outpatient settings. Furthermore, \$167,000 was improperly paid over a period of years to two psychiatrists that claimed on-call pay when they were ineligible.

## Payments for Inpatient Services Were Largely Unsupported

Inpatient clinicians, both on contract and state-employed, were not always required to be accountable to management for their billed time. Many of the hours the inpatient clinicians claimed were unsupported, based upon our analysis of agency records. Without an effective monitoring process for inpatient clinicians' time, the State is at risk of overpaying for clinician services. Exhibit 5 shows the inpatient hours paid versus the hours that could not be verified for the payments we tested.

### Inpatient Clinicians Payment Testing Hours Paid That Could Not Be Verified

**Exhibit 5**

Type	Number of Payments Tested	Amount Paid	Hours Paid	Unverified Hours <sup>(1)</sup>	Percent of Hours Unverified
Contractors	23	\$230,546	1,344	702	52%
Employees	13	39,071	878	346	39%
<b>Totals</b>	<b>36</b>	<b>\$269,617</b>	<b>2,222</b>	<b>1,048</b>	<b>47%</b>

Source: Auditor prepared from contractor invoices, Division records, and payroll data from the State Human Resources Data Warehouse.

<sup>(1)</sup> Based upon analysis of time clinicians were inside the facilities per building controlled access system records, forensic facilities' entry/exit logs, and Avatar system times logged in and out.

### **Contractors' Inpatient Billings Included Unsupported Offsite Hours**

A significant portion of the hours billed by inpatient contractors, primarily at SNAMHS, could not be verified as worked. As noted in Exhibit 5, for 23 payments to contractors, 702 of 1,344 hours billed (52%) were unsupported. For these discrepancies, the hospitals' building controlled access records and entry/exit logs for the forensic facilities showed the clinicians were not in the hospital facilities for the full time they claimed. Another source of support, the Avatar records of computer-generated time stamps for the clinicians' login and logout activity, did not sufficiently document the contractors' billings either.

Management stated the unverified time was linked to SNAMHS' policy of permitting offsite work, which clinicians "self-reported" without any documentation requirements. Management's examples of offsite work that clinicians might perform included remote work from home to update medical records, resident supervision at the university, and offsite clinical meetings. When we questioned management about the high rate of unverified time with contractors, SNAMHS indicated a hesitancy to limit offsite hours or monitor contractors' time due to concerns the contractors could leave. In contrast, NNAMHS' management did not permit offsite work.

For 11 of 23 (48%) payments to inpatient contractors, the billings had specific line items labeled "offsite work" but provided no further explanation of the work performed. In one example, a SNAMHS psychiatrist, contracted at \$155 per hour, consistently billed 2 hours per day for "approved offsite work" which totaled to 38 of the 180 hours billed (21%). However, our analysis of the Avatar system records showed the clinician's after-hours use of the system was between 19 and 24 minutes per day.

Furthermore, as with all clinicians' contracts we reviewed, there was no contract provision for approved offsite work. Management stated doctors do not need to use Avatar for some of the offsite tasks they perform.

SNAMHS did not have written policies and procedures over offsite work such as defining what constitutes allowable work, how to

document the offsite work, and how many offsite hours were allowed. Our testing focused on payments to SNAMHS contractors, based upon the agency's high dollar population of contract payments in proportion to those paid by NNAMHS.

SNAMHS used a monthly management report as support for management's review and approval of contract doctors' billings. This report was a spreadsheet developed in response to an audit in 2010 by the Governor's Finance Office on SNAMHS doctors' inefficiencies. However, our review of the underlying data and assumptions management used to prepare this report found inherently flawed methodology, which rendered the time for "approved offsite hours" to be erroneous and misleading. Division management agreed with our assessment of the report's inaccuracy. Consequently, the inpatient contractors' unverified hours billed remained unexplained.

#### **State-Employed Inpatient Clinicians' Hours Lacked Support**

Similar issues with lack of accountability for hours claimed were noted for state-employed clinicians assigned to inpatient facilities. As noted in Exhibit 5, for the 13 paychecks of inpatient employees we tested, comparison of the daily hours paid to building controlled access system records and to the employees' usage data in the Avatar system, showed there was no accountability for 346 of 878 (39%) regular hours worked. Furthermore, there was no requirement for state-employed clinicians to be accountable for their offsite time.

#### **Division Took Corrective Action During the Audit**

In January 2019, the Division issued new procedures over offsite work activities. The procedures, which apply statewide to contractors and employees, establish guidelines for medical staff engaged in offsite work activities, and require time tracking in Avatar by medical staff of all hours worked, including offsite hours. Based upon our review of these procedures, and contingent upon successful implementation, the problems reported here concerning unsupported offsite hours should be corrected.

**Payments to Clinicians for Outpatient Services Had Less Discrepancies**

Controls over payments to outpatient contractors and state-employed clinicians were stronger with better program oversight. Though unsupported time was noted, the discrepancies were less significant than the exceptions with inpatient hours we tested. Furthermore, there were no issues with unsupported time for the outpatient contractors we tested.

Management requires clinicians assigned to outpatient clinics to document 100% of their time in Avatar. Reports we reviewed confirmed the clinicians billed most of their time in Avatar to document their time spent with patients, on other aspects of patient care, and on administrative tasks. Exhibit 6 shows the outpatient hours paid versus the hours that could not be verified for the payments we tested.

**Outpatient Clinicians Payment Testing Hours Paid That Could Not Be Verified**

**Exhibit 6**

Type	Number of Payments Tested	Amount Paid	Hours Paid	Unverified Hours <sup>(1)</sup>	Percent of Hours Unverified
Contractors	15	\$ 88,133	602	23	4%
Employees	7	27,783	496	192	39%
<b>Totals</b>	<b>22</b>	<b>\$115,916</b>	<b>1,098</b>	<b>215</b>	<b>20%</b>

Source: Auditor prepared from contractor invoices, Division records, and payroll data from the State Human Resources Data Warehouse.

<sup>(1)</sup> Based upon time clinicians were inside the facilities per building controlled access system records, and forensic facilities' entry/exit logs, Avatar system times logged in and out, and hours billed.

According to SNAMHS' policy, Avatar is used to monitor the outpatient clinicians' time worked. Although exceptions with undocumented hours were noted with employee paychecks (39% exception rate), the problems with unverified employee hours were largely attributable to one SNAMHS psychologist not following the Avatar time tracking requirement. Management stated the matter was addressed with the employee.

## **Concerns With the Propriety of Certain Payments to Psychiatrists in Management**

We identified concerns over the propriety of certain payments to psychiatrists in management positions at NNAMHS and SNAMHS. First, improper payments for on-call pay were made for many years to two state-employed psychiatrists in management positions. Second, NNAMHS uses an independent contractor to fill an administrative position. The contractor's responsibilities, as documented in the contract and confirmed in discussions, include administrative powers over employees that may qualify as an employment relationship with the State, rather than independent contractor status. The Division should consult with legal counsel regarding recovery of improper payments and the employment relationship of the contractor.

### **Improper Payments for On-Call Pay**

Over \$167,000 in on-call pay was improperly paid for many years to two state-employed psychiatrists in management positions. One of these individuals received on-call pay for 363 days in fiscal year 2017, by claiming the pay for on-call duties at both NNAMHS and SNAMHS, and while taking annual and administrative leave from the individual's management job at SNAMHS. The payments stopped in September 2017, based upon the State Central Payroll Office's notification to the Department of Health and Human Services that the doctors held positions that were ineligible for the pay. Central Payroll stated it would not pursue repayment of the funds previously paid, but no further payments would be allowed.

The following summarizes the key points concerning these payments:

- The individual who held a statewide management position in 2017, located at SNAMHS, received on-call pay for 11 years totaling \$185,560. For seven of those years, the clinician was ineligible for the pay based upon the position held, and \$144,824 (78%) was paid improperly.

- The individual who held a SNAMHS management position in 2017, received on-call pay for 5 years totaling \$51,860. For nearly 2 of the years, the clinician was ineligible based upon the position held, and \$22,410 (43%) was paid improperly.
- During fiscal year 2017, the two psychiatrists split the days of the month between them for SNAMHS, such that each received on-call pay for SNAMHS for half the year. In addition, one of the psychiatrists, located at SNAMHS, also claimed the special pay for NNAMHS for half of each month, and included 22 days annual and administrative leave, which enabled the clinician to receive the special pay for 363 days of the year.
- The NNAMHS Medical Director was not aware that the individual in a statewide management position had claimed on-call pay for the Dini-Townsend facility for one-half of each month in fiscal year 2017. The Medical Director stated there was no reason for such claims because the facility assigns a NNAMHS attending clinician to be on-call for nights and weekends. The on-call assignments are scheduled in advance on calendars maintained by NNAMHS administrative staff.

The unclassified pay bills of each Legislative Session since 2009 have included a provision for on-call pay for senior psychiatrists, senior psychologists, and pharmacists in psychiatric treatment facilities and correctional facilities and institutions to ensure 24-hour coverage. The bill states the Department of Health and Human Services and the Department of Corrections may adopt a plan to authorize additional payments of up to \$60 for a specified period on a weeknight and up to \$100 for a specified time on a weekend. In addition, the bill delineates on-call responsibilities for senior psychiatrists to include: attention to clinical emergencies, evaluation of patients subject to seclusion and restraint, and completing rounds during weekends.



All of the claims for on-call pay the two clinicians submitted for fiscal year 2017 had pertinent information missing to document the on-call work performed. The clinicians left blanks where the forms required information of the on-call work performed: the number of high-risk and total patients seen, number and times of calls taken, and number of trips to the hospital. The SNAMHS hospital administrator approved the fiscal year 2017 claim forms we reviewed.

Exhibit 7 shows an example of two completed on-call pay claims by the same clinician for the same month. The first claim form shows the clinician claimed on-call pay for NNAMHS beginning Thursday, June 1, 2017, and for every day through Wednesday, June 14, 2017. The second claim form shows the same clinician claimed on-call pay for SNAMHS beginning Thursday, June 15, 2017, and for every day through Friday, June 30, 2017. The claim forms were not completed weekly as required on the form, did not indicate whether any patients were seen, whether any were high-risk patients, did not identify whether the clinician made any trips to the hospital, or the number of phone calls taken before 10 p.m. and after 10 p.m.

**Example of On-Call Clinician Claim Forms Lacking Evidence of Work Performed by One Clinician That Claimed On-Call Pay for Both NNAMHS and SNAMHS During June 2017**

**Exhibit 7**

NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES  
Officer of the Day/Claim for Compensation/Weekend Rounds Report

June 2017  
Month Year

Physician's Name: [REDACTED] Payroll ID#: [REDACTED]

	Day	Dates	Amount	Were Patients Seen?		# Of High Risk Patient Seen	Total # of Patients Seen
				Yes	No		
Weekdays (\$60/Day)	Mon	5,12	120	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Tues	6,13	120	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Wed	7,14	120	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Thurs	1,8	120	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Fri	2,9	120	<input type="checkbox"/>	<input type="checkbox"/>	---	---
Weekends (\$100/Day)*	Sat	3,10	200	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Sun	4,11	200	<input type="checkbox"/>	<input type="checkbox"/>	---	---
TOTAL \$1,000							

Physician's Signature: [REDACTED] Approved By: [REDACTED]

Number of calls before 10 PM \_\_\_\_\_ / Number of calls after 10 PM \_\_\_\_\_ Number of trips to the hospital \_\_\_\_\_

Instructions: Complete this form, sign, and submit to the Medical Director's office for approval.  
**Please complete and submit form at the end of the week you are reporting.**

\*Weekends and Holidays are compensated at the \$100/Day rate.

**Medical Director's Office**  
6161 W. Charleston Blvd.  
Las Vegas, NV 89146  
Fax: 486-7608

---

SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES  
Officer of the Day/Claim for Compensation/Weekend Rounds Report

June 2017  
Month Year

Physician's Name: [REDACTED] Payroll ID#: [REDACTED]

	Day	Dates	Amount	Were Patients Seen?		# Of High Risk Patient Seen	Total # of Patients Seen
				Yes	No		
Weekdays (\$60/Day)	Mon	19,26	120	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Tues	20,27	120	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Wed	21,28	120	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Thurs	15,22,29	180	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Fri	16,23,30	180	<input type="checkbox"/>	<input type="checkbox"/>	---	---
Weekends (\$100/Day)*	Sat	17,24	200	<input type="checkbox"/>	<input type="checkbox"/>	---	---
	Sun	18,25	200	<input type="checkbox"/>	<input type="checkbox"/>	---	---
TOTAL \$1,120							

Physician's Signature: [REDACTED] Approved By: [REDACTED]

Number of calls before 10 PM \_\_\_\_\_ / Number of calls after 10 PM \_\_\_\_\_ Number of trips to the hospital \_\_\_\_\_

Instructions: Complete this form, sign, and submit to the Medical Director's office for approval.  
**Please complete and submit form at the end of the week you are reporting.**

\*Weekends and Holidays are compensated at the \$100/Day rate.

**Medical Director's Office**  
6161 W. Charleston Blvd.  
Las Vegas, NV 89146  
Fax: 486-7608

Source: SNAMHS payroll records.

Note: Consistent with all forms we reviewed for fiscal year 2017, the clinician requesting on-call pay did not record any activity for the work the clinician completed.

---

The Division did not have written policies and procedures over claims for on-call pay. Because of the potential abusive nature of these on-call payments, the Division should consult with legal counsel regarding seeking reimbursement of the improper payments.

### **Concerns With NNAMHS Contractor in Management Position**

The Division has used a contract psychiatrist for a NNAMHS director position since December 2015. The contract requires the clinician to provide oversight of medical staff to include scheduling, work assignments, leave monitoring, recruitment, and employee evaluations. The comparable position at SNAMHS is filled by an unclassified employee. Management was unable to provide documentation that the Division followed the Department of Administration's guidance in the State Administrative Manual (SAM), as described below, concerning documenting the determination that this arrangement qualifies for independent contractor status.

According to SAM Section 320, the determination as to whether any individual performing services for the State should be treated as an independent contractor or as a state employee is important for several reasons. The individual's status may affect their income taxes, Social Security withholding, or overtime pay; and the State may have unnecessary legal liability. There are several factors that should be balanced to determine whether the state, as an employer, has such control over the worker so to render the relationship one of employment rather than that of an independent contract. One such factor is the delegation to the contractor of administrative powers over employees. Agencies unsure whether or not an employee-employer relationship exists in a potential contract should request legal counsel review the contract for compliance with the requirements of SAM.

## **Recommendations**

1. Ensure new policies and procedures for monitoring the hours worked by contract and state-employed clinicians are consistently implemented statewide.
2. Ensure new policies and procedures for the documentation and approval of offsite hours allowed for contractors and state employees are consistently implemented statewide.
3. Consult with legal counsel regarding seeking reimbursement of improper payments for on-call pay.
4. Develop policies and procedures for on-call pay to ensure requests sufficiently document the work performed and payments are only to eligible clinicians.
5. Consult with legal counsel to determine whether the NNAMHS director position is eligible for independent contractor status.

# Stronger Fiscal Controls Needed Over Contracting for Clinical Services

The Division needs stronger internal controls over contracting for clinical services to reduce the risk of overpayments. Contract rates were not adequately documented for two large staffing contractors with State Purchasing Division contracts. In addition, payments were processed to staffing contractors and contract clinicians despite rate discrepancies or incomplete documentation in 19 of 65 (29%) payments we tested. Finally, abuse of travel expenses went unchecked for the payments we tested to a contractor that provided interpreter services to a SNAMHS patient.

## **Fiscal Review Process Needs Improvement**

The Division has not established requirements for documentation from contract clinicians to support their billings, or policies and procedures for fiscal review prior to payment. When agencies pay contractors' billings despite a lack of appropriate support for the rates, hours, or work performed, there is unnecessary risk that overpayments to contractors could occur.

### **Staffing Contractors' Rates Not Adequately Documented**

Contract rates were not adequately documented for two large staffing contractors with Purchasing Division statewide contracts. NNAMHS and SNAMHS paid the two contractors over \$3.4 million in fiscal year 2017. NNAMHS staff indicated managers determine the rates based upon comparable state positions, but the process was undocumented. SNAMHS staff had a similar explanation and had no documentation of negotiated rates for psychiatrists and psychologists. When agencies utilizing staffing contractors do not document standardized rates or the rationale for the agreed-upon rates, there is an increased risk that favoritism or bias may result in paying a higher rate than necessary.

Rates paid to staffing contractors were comparable to state pay for the same job in seven of eight job classifications we tested. For example, hourly pay for contractors' staff working as certified nursing assistants, psychiatric nurses, and mental health technicians was comparable to their state counterparts. However, for one job classification, licensed clinical social worker, the contractor rate that NNAMHS paid was \$20 per hour higher than the comparable state job, excluding benefits. While the contractor rate for licensed clinical social workers may be appropriate and competitive, the agency was unable to provide written justification for the higher billing rate.

### **Questionable and Incorrect Billing Rates Noted**

Questionable and incorrect billing rates were noted for 13 of 65 (20%) payments to staffing contractors and contract clinicians. For example, six payments were to a NNAMHS staffing contractor that received \$190 per hour for a specific licensed psychiatrist. This was the highest contract rate for a licensed psychiatrist that we noted. In 2017, NNAMHS paid \$351,738 for this psychiatrist's services. Of the 65 payments we examined, the next highest rate that NNAMHS paid was \$180 per hour for a licensed psychiatrist, and SNAMHS' highest rate was \$185 per hour for a licensed psychiatrist.

Management's justification for the higher rate was that the agency had a critical need and was in danger of shutting down inpatient beds. However, according to management's email attached to the approved contract, this \$190 per hour rate was only for one psychiatrist who was "familiar with NNAMHS and had a good working relationship with the medical director." NNAMHS' file documentation showed the rate increase was done by a separate contract, so as not to set a precedent concerning the going rate for other contract clinicians.

Other rate discrepancies noted included several instances of hourly rates in excess of the approved contract rates, and billing all hours at the highest hourly rate allowed by contract without written justification.

- Three payments in our sample exceeded the contract rate by \$10 per hour without written explanation, resulting in an overpayment of \$1,750. Another payment exceeded the hourly rate by \$25 per hour without written explanation, resulting in \$1,800 overpaid.
- For three other payments, clinicians billed all of their time at the higher rate allowed by contract for “critical agency needs” but provided no written justification for pay at the higher rate, resulting in a potential overpayment of \$1,160. In these instances, the contracts had clauses allowing an additional \$10 per hour for “critical agency needs work including forensic services and psychiatry residency supervision.”

#### **Documentation to Support Certain Payments to Contractors Was Incomplete**

Issues with incomplete documentation pointing to the need for improved fiscal oversight were noted for 6 of 65 (9%) payments tested. While the dollar amounts noted are not significant, the issues noted demonstrate a lack of fiscal oversight by the agency. Several examples follow:

- NNAMHS approved two payments totaling \$80,025 to the university medical school for services provided by licensed psychiatrists at \$165 per hour without timesheets showing the start and stop times for hours worked or documentation bearing the doctors’ signatures attesting to the hours worked. In some instances, the billings came months after services were rendered. Emails from NNAMHS fiscal staff indicate they were not aware that one of the doctors had been working at the hospital for months.
- Four payments lacked sufficient detail for administrative hours billed. Several contract psychiatrists at SNAMHS routinely billed for administrative time with descriptions such as “emails, texts, calls.” For example, for three invoices from a contractor paid at \$155 per hour, the administrative time amounted to 21% of the hours that were billed.

### **Lack of Independent Contract Review**

Lack of independent contract review likely contributed to the issues with rate discrepancies. For all 15 of the Division's direct contracts with clinicians that we reviewed and 3 contracts with staffing contractors, the state requirements for contract submission and approval by the Board of Examiners (BOE) were waived. Although eliminating this control likely improved efficiency and timeliness of the Division's contracting process, existing contract controls were insufficient to compensate for not having BOE contract oversight.

During 2017, the Division followed an accepted practice of considering contracts for services to be provider agreements, for which BOE approval was waived. This understanding was based upon the BOE's 2004 approval for the Division to use a provider agreement template for licensed psychiatrists, psychologists, clinical social workers, and marriage and family therapists. Furthermore, in 2015 the BOE gave approval for a similar blanket provider agreement for contracts with qualified mental health associates, which included a provider of nursing services that we tested. As a result, contracts were not entered into the State Purchasing Division's Contract Entry and Tracking System (CETS) used for oversight and tracking of all agency contracts of \$2,000 or more. The contract maximums for the 18 contracts we tested that did not have BOE approval totaled \$16.6 million.

This issue was satisfactorily resolved during our audit. In November 2017, the Governor's Finance Office issued All Agency Memorandum 2017-17, which reinforced the requirement to enter all contracts in CETS, and submit contract logs by December 1, 2017, with payment and balance information. Subsequently in December 2017, All Agency Memorandum 2017-20 was issued, which discontinued the Division's practice of using provider agreements, effective immediately for new contracts, and effective June 30, 2018, for existing contracts.



---

**Contractor Abuse  
of Travel Claims  
Not Detected**

The Division did not adequately monitor travel and hours worked by a contractor to prevent improper payments. Abuse of travel expenses went unchecked concerning a contractor that provided certified deaf and hearing interpreter services to a SNAMHS patient at the Stein Forensic Unit. Analysis of airline travel packages the contractor claimed for reimbursement, found over \$2,300 of \$17,454 (13%) in travel claims exceeded amounts allowed by the State and by the vendor contract. The contractor made increasingly extravagant travel arrangements by paying for airline travel packages at 5-star hotels, luxury suites, airport and hotel valet parking, and claimed unsupported mileage. Also, we could not verify that interpreter services were provided for \$5,520 of \$22,000 (25%) billed, due to missing logs of the interpreter's time.

For the five largest payments to the contractor in fiscal year 2017, travel costs were significant, encompassing 44% of the total paid. Travel included 8 day trips and 15 overnight trips, which were necessary to comply with the court order for interpreter services two times per week. However, review of payment voucher documentation showed that SNAMHS fiscal personnel did not understand the state travel requirements and approved the billings without adequate supporting documentation.

SAM Section 325 states the State's policy is to limit and monitor costs associated with the hiring of professional and expert services. In addition, the Purchasing Division's statewide contract with this vendor requires all travel costs be reimbursed at the rates allowed for state employees. Department of Administration Policy 2.6.1 states that travel should be the least expensive method available when such factors as total travel time, salary of traveler, availability of agency cars or Fleet Services' cars, and costs of transportation are considered. Furthermore, the policy specifies per diem rates for lodging, meals, and incidentals must comply with the federal government's General Services Administration rates.

## **Recommendations**

6. Establish standardized rates for positions staffed by contractors.
7. Establish requirements for documentation from contractors to support their hours billed.
8. Establish written policies and procedures for reviewing and processing contractors' billings, including a process to verify the documentation appropriately supports the hours and rates billed.
9. Ensure travel claims submitted by contractors are reviewed by staff with the appropriate training and skills.

---

# Appendix A

## Audit Methodology

To gain an understanding of adult mental health services, we interviewed staff at the Division of Public and Behavioral Health (Division) and reviewed statutes, regulations, policies, and procedures significant to its operations. We also reviewed financial information, prior audit reports, budgets, legislative committee minutes, and other information describing Division activities.

Our scope of work on internal controls included documenting and assessing the Division's policies, procedures, and activities in place over payments to contractors. We also evaluated certain controls over salary payments to employees at Northern Nevada Adult Mental Health Services (NNAMHS) and Southern Nevada Adult Mental Health Services (SNAMHS).

To determine if the Division had adequate controls over payments to staffing contractors and to contracted psychiatrists and psychologists (clinicians), we tested to ensure payments did not exceed contracted amounts, and that documentation supported the amounts billed. To test contractor payments, we obtained lists of fiscal year 2017 contractors from staff at NNAMHS and SNAMHS. To verify completeness of these lists, we compared them to contractor payments in the state accounting system.

We filtered the list of contractor payments, to obtain a listing of all 2017 payments to staffing contractors, which totaled \$7.1 million. We judgmentally selected 5 payments to the 2 highest paid staffing contractors, plus 20 payments to the next 7 highest paid staffing contractors, for a total sample of 25 payments (15 NNAMHS and 10 SNAMHS). Next, from the listing of 2017 payments to contract clinicians, we randomly selected 40 payments for testing (8 NNAMHS and 32 SNAMHS). The population for testing payments to contract clinicians consisted of

377 items totaling nearly \$2.5 million. The sample consisted of 23 payments to inpatient clinicians, 15 to outpatient clinicians, and 2 payments to a director. Overall, this resulted in a combined sample of 65 contractor payments, 25 to staffing contractors and 40 to contract clinicians.

To determine the adequacy of fiscal controls over payments to contractors, we traveled to NNAMHS and SNAMHS to collect contracts and billing documentation for our sample of 65 payments. We tested billings for compliance with contracted rates and whether contracted maximums were exceeded. Furthermore, we verified that supporting documentation was appropriate, mathematically accurate, showed evidence of agency review and approval, and whether the contracts were approved by the Board of Examiners. We also verified the contract clinicians were properly licensed in Nevada.

We tested payments specific to a contractor that provided interpreter services, after learning of potential abuse of travel claims billed to SNAMHS. For this contractor, we judgmentally selected SNAMHS' five largest payments in fiscal year 2017, totaling \$39,500, which amounted to 71% of the total paid. We examined each line item billed, and traced hours billed and travel claims to the supporting documentation. We examined the contractor's billings for travel costs for evidence of abuse. We traced travel details to the supporting documentation, and calculated the allowable costs per state requirements. We also compared interpreter hours billed to the contractor's logs, and verified that SNAMHS personnel approved the client hours.

To determine the adequacy of controls over personnel costs of state-employed clinicians, we tested the accuracy and validity of hours paid. We assessed the completeness of the Division's listings of state employees by comparing organizational charts to employee roster data of paid clinicians per the State HR Data Warehouse. The population for testing purposes consisted of 682 paychecks totaling \$3.1 million with roughly 30% paid to NNAMHS employees and 70% to SNAMHS employees. Next, we obtained a random sample of 39 paychecks (13 NNAMHS and 26 SNAMHS), from our compiled listing of all NNAMHS' and SNAMHS' fiscal year

---

2017 paychecks to clinicians. The sample consisted of 13 paychecks to inpatient clinicians, 7 to outpatient clinicians, and 19 payments to clinicians that worked in other capacities, including administrators. For each paycheck, we verified the hours paid were supported by approved timesheets. We also verified that the state-employed clinicians were properly licensed in Nevada.

To determine the effectiveness of program oversight of hours worked by clinicians, both on contract and state-employed, we compared hours worked to supporting electronic records. First, we verified the effectiveness of information system controls over electronic time records. We tested the accuracy and completeness of information generated by the agencies' time keeping system (Avatar) and the controlled access systems used at the two psychiatric hospital facilities. Next, we interviewed contractors and state-employees concerning their Avatar use and time keeping processes. For our sample of 40 payments to contract clinicians, we compared hours billed to three sources of electronic time records: (1) hours contractors billed in Avatar; (2) length of time contractors were signed in to Avatar; and (3) length of time contractors were inside the hospital facilities, according to entrance and exit data per the building controlled access systems at the psychiatric facilities and the manual entry and exit logs at the forensic facilities. For our sample of 39 paychecks, we performed the same comparison of hours claimed to electronic time records and the forensic facilities' entry/exit logs.

To calculate the amount of improper payments for on-call pay, we obtained paycheck detail and position roster information from the State Human Resources Data Warehouse from fiscal years 2007 through 2017. Also, we reviewed claims forms the individuals submitted for fiscal year 2017.

We used non-statistical audit sampling for our audit work, which was the most appropriate and cost-effective method for concluding on our audit objective. Based on our professional judgement, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that non-statistical sampling provided sufficient, appropriate audit evidence to support the conclusions in our report. For these tests,

we did not project the findings to the population. Our sample included both randomly and judgmentally selected items.

Our audit work was conducted from February 2017 to January 2019. During 2018, work on this audit was delayed more than 5 months, to prioritize our audit resources. We conducted this 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 accordance with NRS 218G.230, we furnished a copy of our preliminary report to the Division of Public and Behavioral Health. On April 11, 2019, we met with agency officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix B, which begins on page 27.

Contributors to this report included:

Todd C. Peterson, MPA  
Audit Supervisor

James T. Thorne, MPA, CCM  
Deputy Legislative Auditor

Diana Giovannoni, CPA  
Audit Supervisor

Daniel L. Crossman, CPA  
Chief Deputy Legislative Auditor

# Appendix B

## Response From the Division of Public and Behavioral Health

STEVE SISOLAK  
Governor



LISA SHERYCH  
Interim Administrator

RICHARD WHITLEY, MS  
Director

IHSAN AZZAM, Ph.D., M.D.  
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH  
4150 Technology Way  
Carson City, Nevada 89706  
Telephone (775) 684-4200 • Fax (775) 687-7570  
<http://dpbh.nv.gov>

April 22, 2019

Rocky Cooper, CPA  
Legislative Auditor  
Legislative Counsel Bureau  
401 S. Carson Street  
Carson City, Nevada 89701

RE: Preliminary Audit Report – *Adult Mental Health Services, Payments to Contractor and State-Employed Psychiatrists and Psychologists*

Dear Mr. Cooper:

Thank you for meeting with us on April 11<sup>th</sup> to review and discuss the results of the above-mentioned audit. Pursuant to NRS 218G.230, this letter serves as the written statement of explanation or rebuttal concerning the findings of the preliminary audit report on *Adult Mental Health Services, Payments to Contractor and State-Employed Psychiatrists and Psychologists*. The agency accepts all recommendations as indicated in the attached page entitled "Division of Public and Behavioral Health's Response to Audit Recommendations". Below, each recommendation is listed. Discussion regarding how the agency plans to address or implement each of the recommendations contained in the preliminary report follows each recommendation. Additional information will be provided in the Division's 60-day corrective action plan.

**Recommendation 1: Ensure new policies and procedures for monitoring the hours worked by the contract and state-employed clinicians are consistently implemented statewide.**

Response: DPBH accepts this recommendation.

DPBH will create statewide policies and procedures that monitor the hours worked by contract and state-employed psychiatrists and psychologists. These policies and procedures will include mandatory training for staff and timelines for completion.

**Recommendation 2: Ensure new policies and procedures for the documentation and approval of offsite hours allowed for contractors and state employees are consistently implemented statewide.**

Response: DPBH accepts this recommendation.

*Nevada Department of Health and Human Services  
Helping People -- It's Who We Are And What We Do*

April 22, 2019

Page 2

DPBH has created a policy to implement a standardized process for the documentation and approval of offsite hours worked by contractors and state employees that serve in the role of psychiatrists and psychologists. The policy has been sent to all Medical Staff requesting their review and acknowledgement through PolicyTech.

**Recommendation 3: Consult with legal counsel regarding seeking reimbursement of improper payments for on-call pay.**

Response: DPBH accepts this recommendation.

DPBH has had a preliminary discussion with the Attorney General's Office regarding potential reimbursement for improper payments for on-call pay. DPBH will complete a formal request regarding this recommendation. DPBH will complete any additional necessary steps based on the guidance provided by the Attorney General's office.

**Recommendation 4: Develop policies and procedures for on-call pay to ensure requests sufficiently document the work performed and payments are only to eligible clinicians.**

Response: DPBH accepts this recommendation.

DPBH will develop policies and procedures that define on call pay for psychiatrists and ensure sufficient documentation is provided before payment approval.

**Recommendation 5: Consult with legal counsel to determine whether the NNAMHS director position is eligible for independent contractor status.**

Response: DPBH accepts this recommendation.

DPBH has had a preliminary discussion with the Attorney General's Office to determine whether the NNAMHS Medical Director position is eligible for independent contractor status. DPBH will complete a formal request regarding this recommendation. DPBH will complete any additional necessary steps based on the guidance provided from the Attorney General's Office.

**Recommendation 6: Establish standardized rates for positions staffed by contractors.**

Response: DPBH accepts this recommendation.

DPBH will develop and implement written standardized rates for positions staffed by contracted psychiatrists and psychologists.

**Recommendation 7: Establish requirements for documentation from contractors to support their hours billed.**

Response: DPBH accepts this recommendation.

DPBH will develop written requirements for documentation from contracted psychiatrists and psychologists to be utilized statewide.



April 22, 2019  
Page 3

**Recommendation 8: Establish written policies and procedures for reviewing and processing contractors' billings, including a process to verify the documentation appropriately supports the hours and rates billed.**

Response: DPBH accepts this recommendation.

DPBH will create written policies and procedures for reviewing and processing contracted psychiatrists' and psychologists' billings including a process to verify that the documentation appropriately supports the hours and rates billed.

**Recommendation 9: Ensure travel claims submitted by contractors are reviewed by staff with the appropriate training and skills.**

Response: DPBH accepts this recommendation.

DPBH identified staff who process contractor travel claims and ensured they reviewed the policy and procedures on travel on April 11, 2019 and April 15, 2019. Continued training and process implementation will be embedded for identified staff.

As requested, a completed "Division of Public and Behavioral Health's Response to Audit Recommendations" form is attached to this response.

Please contact me at [LSherych@adsd.nv.gov](mailto:LSherych@adsd.nv.gov) or 775-684-5959 if you have any questions, concerns or would like additional information.

Sincerely,



Lisa Sherych, Interim Administrator  
Division of Public and Behavioral Health, Department of Health and Human Services

cc: Richard Whitley, MS, Director, Department of Health and Human Services  
Debi Reynolds, DPBH Deputy Administrator, Administrative Services

## Division of Public and Behavioral Health’s Response to Audit Recommendations

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
1. Ensure new policies and procedures for monitoring the hours worked by contract and state-employed clinicians are consistently implemented statewide .....	<u>    X    </u>	<u>          </u>
2. Ensure new policies and procedures for the documentation and approval of offsite hours allowed for contractors and state employees are consistently implemented statewide.....	<u>    X    </u>	<u>          </u>
3. Consult with legal counsel regarding seeking reimbursement of improper payments for on-call pay.....	<u>    X    </u>	<u>          </u>
4. Develop policies and procedures for on-call pay to ensure requests sufficiently document the work performed and payments are only to eligible clinicians.....	<u>    X    </u>	<u>          </u>
5. Consult with legal counsel to determine whether the NNAMHS director position is eligible for independent contractor status.....	<u>    X    </u>	<u>          </u>
6. Establish standardized rates for positions staffed by contractors .....	<u>    X    </u>	<u>          </u>
7. Establish requirements for documentation from contractors to support their hours billed .....	<u>    X    </u>	<u>          </u>
8. Establish written policies and procedures for reviewing and processing contractors’ billings, including a process to verify the documentation appropriately supports the hours and rates billed.....	<u>    X    </u>	<u>          </u>
9. Ensure travel claims submitted by contractors are reviewed by staff with the appropriate training and skills .....	<u>    X    </u>	<u>          </u>
TOTALS	<u>    9    </u>	<u>          </u>