

# Mental Health and Addiction Services: Managing Risk in a Changing Environment

Multnomah County Auditor's Office

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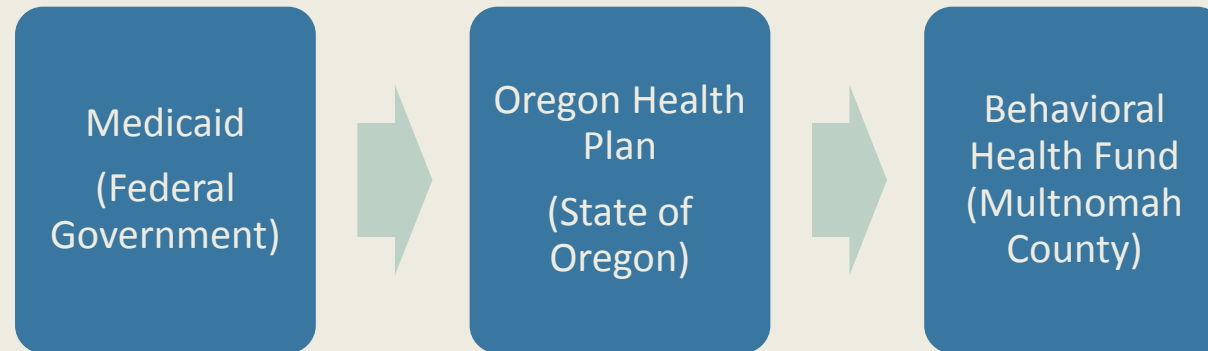


MHASD run a mental health insurance plan,  
which covers 110,000 OHP members.

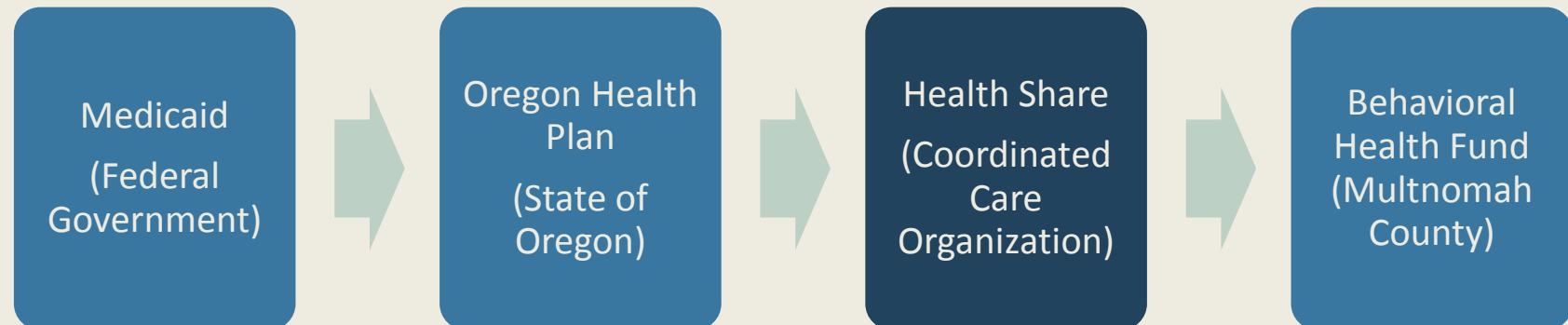
Why is it important to manage the insurance plan's financial risk?  
*To ensure that clients get the services they need.*

# Change to the System

Flow chart of insurance premium dollars prior to September 1, 2012



Flow chart of insurance premium dollars beginning September 1, 2012



**Finding 1:**  
**Behavioral Health Fund financial statements  
are not an accurate reflection of the insurance  
plan's ability to cover its costs.**

# Example

An estimated 34% of Quality Management's expenses are related to supporting the insurance plan.



About 49% of Quality Management's expenses are funded by insurance premiums.



Result: The insurance plan financial statements make it look like quality management is more expensive than it actually is.

## **Finding 2:**

**The Division does not correctly classify administrative costs, making it difficult to measure and manage efficiency levels.**

## Recommendations:

1. Only revenues and expenses directly related to the insurance plan should be included in insurance plan financial reports.
2. Develop a methodology by which other mental health system components can charge the insurance plan.
3. Develop definitions to categorize administrative costs that are more closely aligned to industry standards.
4. Formally evaluate the viability of running an insurance plan under the conditions imposed by the CCO structure.

## **Conclusion:**

**Since the County's control over its financial risk of the insurance plan has been reduced, it is more important than ever to understand and manage its costs.**



## Contact Information

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# Appendix

| <b>Program</b>                       | <b>Percent of program salaries and other resources dedicated to insurance functions</b> | <b>Percent of program paid for by insurance premiums</b> | <b>Conclusion</b>   |
|--------------------------------------|---|--|---|
| <b>Administration and Accounting</b> | 40-59%  | 60-79%   | These expenses may make the insurance plan appear more expensive than it actually is. |
| <b>Crisis Call Center</b>            | 40-59%  | 60-79%   |   |
| <b>Quality Management</b>            | 20-39%  | 40-59%   |   |
| <b>Decision Support</b>              | 40-59%  | 40-59%   | These expenses may be accurately reflected on the financial statements.               |
| <b>Medical Records</b>               | Less than 20%   | Less than 20%  |   |
| <b>Claims Processing</b>             | 80% or Greater  | 80% or Greater   |   |
| <b>Utilization Review</b>            | 80% or Greater  | 40%-59%  | This may make the insurance plan appear to be less expensive than it actually is.     |

# Crisis Call Center Expenses by Funding Sources

