



Mental Health Private Psychiatric Bed Funds

PermiaCare

Results in Brief

Why OIG Conducted This Inspection

News articles from March 2021 raised questions about contract oversight for mental health private psychiatric bed funds, as well as the quality of care provided at the private psychiatric hospitals receiving mental health private psychiatric bed funds. The Texas Health and Human Services Office of Inspector General Audit and Inspections Division (OIG Inspections) conducted an inspection of PermiaCare's use and oversight of funds provided to private psychiatric hospitals to provide inpatient mental health services to eligible clients.

Summary of Review

The inspection objective was to determine whether PermiaCare used mental health private psychiatric bed funds in accordance with certain elements of the statement of work in its HHSC contract. The inspection scope covered the period from September 1, 2021, through August 31, 2022.

Background

PermiaCare is a local mental health authority that provides outpatient clinical services and subcontracts with private psychiatric hospitals for inpatient services. It serves eight counties in West Texas. In August 2021, PermiaCare signed a contract with HHSC for \$449,684 in mental health private psychiatric bed funds for state fiscal year 2022.

Key Results

For the inspection scope period, PermiaCare facilitated 78 client hospitalizations using the mental health private psychiatric bed funds available. However, of the 78 inpatient hospitalizations, PermiaCare:

- Overpaid a total of \$15,569 for 8 (10.3 percent) hospitalizations.
- Underpaid \$30,909 for 11 (14.1 percent) hospitalizations.
- Paid 2 invoices twice.
- Paid for 9 continued stays that were not approved.

PermiaCare grants an initial authorization of five days when approving hospital admissions. If a stay longer than five days is necessary, PermiaCare requires private psychiatric hospitals to submit an email to PermiaCare for approval prior to the patient's fifth day of initial hospitalization. Of the 78 hospitalizations, 52 stays were continued beyond the initial five days. PermiaCare did not approve 9 of the 52 continued stays (17.3 percent). Of the 43 patient records with approved continued hospital stays:

- 34 of 43 (79.1 percent) did not have a request for a continued stay prior to the fifth day of hospitalization.
- 7 of 43 (16.3 percent) were approved for less than the duration of the hospitalization.

Recommendations

PermiaCare should:

- Strengthen internal controls over payment processes for accurate payment of invoices.
- Review all payments made from the beginning of its contract with HHSC in 2021 to identify and resolve any potential overpayments, underpayments, or duplicate payments.
- Strengthen its internal controls to ensure continued stay authorizations meet contract requirements.

Management Response

OIG Inspections presented preliminary inspection results, observations, and recommendations to PermiaCare in a draft report dated June 1, 2023. PermiaCare agreed with the inspection recommendations and indicated all corrective actions would be implemented by July 2023. PermiaCare's management responses are included in the report.

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