

**MEMORANDUM**

**TO:** Owen J. Murray, DO  
Vice President, Offender Health Services

**FROM:** Kimberly K. Hagara, CPA, CIA, CISA, CRMA  
Associate Vice President, Audit Services



**DATE:** June 5, 2015

**SUBJECT:** Texas Juvenile Justice Department (TJJD) Psychiatry Services  
Engagement Number 2015-006

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Attached is the final audit report regarding TJJD Psychiatry Services. This audit will be presented at the next Institutional Audit Committee meeting.

Additionally, please find attached Audit Services audit recommendation follow up policy. Each of the recommendations is classified by type at the end of its identifying number: Significant (S), Risk Mitigation (R), or Process Improvement (P). As you will note in the policy, the classification of the recommendation determines the frequency of our follow up. All follow up results are reported quarterly to the Institutional Audit Committee.

Thank you for your cooperation and assistance during the course of this review. If you have any questions or comments regarding the audit or the follow-up process, please feel free to contact me at (409) 747-3277.

Attachment

c: Donna K. Sollenberger  
Deborah A. McGrew  
Sandra Ferrara  
Stephen W. Alderman



**The University of Texas Medical Branch  
Audit Services**

**Audit Report**

**Texas Juvenile Justice Department (TJJD) Psychiatry Services**

**Engagement Number 2015-006**

**June 2015**

**The University of Texas Medical Branch  
Audit Services  
301 University Boulevard, Suite 4.100  
Galveston, Texas 77555-0150**

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**Texas Juvenile Justice Department (TJJJ) Psychiatry Services  
Audit Control Number: 2015-006**

**Background**

The Texas Juvenile Justice Department (TJJJ) manages five state-operated, secure facilities and halfway houses providing services to youths requiring specialized treatment services unavailable at the county level. TJJJ contracts with the University of Texas Medical Branch (UTMB Health) to provide a comprehensive healthcare delivery system characterized by a uniform level of medical, dental, and mental health services. UTMB Health's Department of Correctional Managed Care (CMC) oversees the execution of the contract provisions.

For the past four years, CMC has annually contracted with UTMB Health's Department of Psychiatry and Behavioral Sciences for telemedicine child psychiatric services. The Memorandum of Understanding (MOU) between the two departments stipulates a faculty physician provides psychiatric telemedicine services for four hours per week and supervised psychiatry residents provide 24 hours per week of psychiatry telemedicine services for TJJJ. The value of the Fiscal Year 2015 MOU is approximately \$112,800.

As part of the overall, Interagency Agreement between UTMB Health and TJJJ, UTMB Health annually provides access of up to 100 hours of UTMB Health internal auditor resources in support TJJJ's monitoring activities. The Office of Audit Services and Correctional Managed Care (CMC) leadership routinely meet to discuss current areas of risk or concern which could benefit from an audit or consulting engagement.

**Audit Objectives**

The primary objective of this audit is to ensure compliance with the MOU between UTMB Health's Departments of Psychiatry and Behavioral Sciences and CMC.

**Scope of Work and Methodology**

The scope of work is September 2013 through April 2015. Audit methodology included interviews with key personnel, review of select documentation and data analytics.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* as promulgated by the Institute of Internal Auditors.

**Audit Results****Policies and Procedures**

Audit Services interviews with the Executive Director, CMC Finance, indicated there are no formally documented policies, procedures, or processes established for reviewing the documentation received supporting payment requests for received psychiatric telemedicine services. Although it is an uncomplicated process, the number of areas involved, including the Department of Psychiatry and Behavioral Sciences, CMC Mental Health-Youth Services, Primary Care Services, Grants and Contracts Accounting and TDCJ Finance, warrants the need for basic documentation of the process flow. After reviewing the process, Audit Services provided a documented process flowchart the Executive Director, CMC Finance for their supporting records.

**Contract Compliance**

Each annual MOU outlines the required services including a faculty physician providing psychiatric telemedicine services for four hours per week with supervised residents providing

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**Audit Control Number: 2015-006**

the same services for 24 hours per week. The FY 2014 MOU required the Department of Psychiatry and Behavioral Sciences to provide services for no less than 45 weeks for the term of the agreement; this requirement was increased to 47 weeks for FY 2015.

Audit Services analysis of FY 2014 billing data indicated the Department did not provide the minimum number of total hours as specified in the MOU. The faculty physician provided a total of 162 hours, 90% of the total minimum hours specified. The resident group provided 1,030 hours, 95% of the total minimum specified. CMC was only billed for services received. Our analysis of the FY 2015 billing data through March 2015 appears to indicate the faculty physician and resident group will meet the minimum required hours.

Audit Services interviews with CMC Youth Services leadership indicated that although minimum hours outlined in the FY14 MOU were not met, the service provided sufficiently addressed their patient care needs. Additionally, CMC Youth Services leadership articulated an awareness of the need to better align MOU contractual terms with anticipated service needs.

**Recommendation 2015-006-01-P:**

The Vice President, Offender Care Services, should ensure the FY 2016 MOU more appropriately aligns with anticipated service needs.

**Management's Response:**

CMC's Department of Finance will modify wording within the upcoming FY16 MOU to improve wording reflecting the expected hours of services needed.

**Implementation Date:**

Effective 9/1/2015, the MOU between CMC and the Department of Psychiatry, will be modified as needed per the above recommendation.

Audit Services selected a sample of 38 patients from the billing statements and verified with the Administrative Director, Mental Health-Youth Services CMC, they were TJJD patients. Additionally, Audit Services selected a sample of 10 patients and verified the patients' medical records contained clinical documentation supporting the services rendered.

**Contracted Rates**

Audit Services interviews with CMC personal indicated the appropriate individuals, Director Contracts & Supply Administration CMC, Dir Clinical & Admin Youth Services CMC, Executive Director Finance CMC, are engaged and responsible for negotiating the MOUs. Both the FY2014 and FY0215 MOU stipulated faculty physician rates of \$150 per hour and resident rates of \$75 per hour.

CMC leadership indicated the faculty physician rates are consistent with the fees paid when using a free-world psychiatrist. The resident rate is consistent with the rate paid by CMC hour for all UTMB Health residents provided services to UTMB-TDCJ patients. Audit Services analysis of the faculty physician rate with billing rates for similar services within the respective fee schedules for the Centers for Medicare and Medicaid Services (CMS) and UTMB Health indicates the current rate appears competitive.

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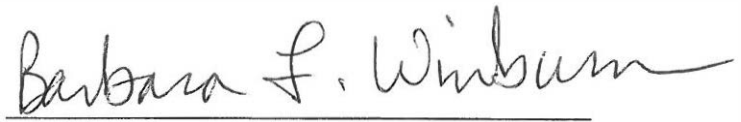
**Conclusion**

Audit Services interviews and data analysis indicate during FY 2014, CMC did not receive the level of services stipulated by the MOU with UTMB Health's Department of Psychiatry and Behavioral Sciences for TJJD. However, CMC Youth Services Leadership deemed the level of service provided sufficient to ensure quality of care and were only billed for the services received. Based on the FY2015 services received through May 2015, it appears the UTMB Health's Department of Psychiatry and Behavioral Sciences will meet the level of service stipulated in the current MOU. An opportunity exists to better align contract terms with anticipated needs.

We greatly appreciate the assistance provided by TJJD and CMC Operations personnel, and hope that the information presented in our report is beneficial.



Kimberly K. Hagara, CPA, CIA, CISA,  
CRMA  
Associate Vice President, Audit Services



Barbara L. Winburn, CIA, CRMA, RHIA  
Senior Audit Services Manager