

## **COUNTY OVERSIGHT OF COMMUNITY-BASED ORGANIZATION CONTRACTS**

### **EXECUTIVE SUMMARY**

Each year Alameda County spends over \$550 million contracting with over 300 community-based organizations (CBOs) to provide direct human services to residents. County agencies have the monumental task of ensuring these public funds are spent appropriately, have the intended impact, and positively affect the lives of our needy population. The 2011-2012 Grand Jury Report criticized Alameda County for a lack of proper oversight in the contracting process with CBOs. The Grand Jury recommended the county use results-based accountability (RBA), a tool used in contract oversight which attempts to measure program outcomes, successes and improvements.

Four years later the 2015-2016 Grand Jury criticized Alameda County once again. Although the county accepted the earlier recommendations and began implementing RBA, only 60% of contracts in 2016 included RBA performance measures.

The Alameda County Health Care Services Agency (HCSA), Social Services Agency (SSA) and the Probation Department (Probation) account for the vast majority of contracts with CBOs in Alameda County. Today all three departments have dedicated staff to managing and monitoring CBO contracts. Each follows the Alameda County General Services Agency (GSA) contract administrative guidelines and manual, and sometimes works in concert with GSA on contract development. GSA standards for the entire county require the inclusion of RBAs in contracts.

Each of the three departments investigated described an ongoing process to review and evaluate CBO performance using RBA performance measures. Site visits and audits are performed and there are standard procedures in place to deal with sub-par and non-performance issues. Also, there is currently an incentive program being tested in the Health Care Services Agency (HCSA) to target areas of improvement.

The Grand Jury acknowledges the progress each of these departments has made in using RBA to improve the management and oversight of CBO contracts.

### **INVESTIGATION**

Following up on their progress since 2016, this year's Grand Jury heard testimony from representatives of the Alameda County Health Care Services Agency, Social Services Agency and the Probation Department.

Results-based accountability (RBA) is a tool used in contract oversight which attempts to measure program outcomes, successes and improvements. A primary purpose of RBA in Alameda County contracts is to help CBOs improve services. RBA also helps county staff and the Alameda County Board of Supervisors (BOS) determine how public dollars should be spent in the future. Although RBA has yet to be incorporated into every contract, it is now the standard for new contracts and renewals in three major county departments. All three departments now use the same basic RBA performance measures:

- Outcomes - How much did we do?
- Successes - How well did we do?
- Improvements - Is anyone better off?

### **Alameda County Health Care Services Agency**

In the approved HCSA FY2018-2019 budget, a total of \$423 million (approximately half of HCSA's annual appropriation of \$883 million) funds 324 CBO contracts; approximately 60% of the CBO funding supports mental health services. To support the high number of CBO contracts, management and administrative staff account for 604 of 1,606 total FTEs in HCSA. HCSA contracts with CBOs extensively because CBO staff are closer to county residents in terms of language, relationships and location. CBOs also are less costly and can operate with more flexibility than county-staffed programs (i.e., labor and union agreements reduce the flexibility in scheduling county staff by time and day for client services). However, county staff are essential for contract management, oversight and ensuring accountability.

Based on previous Grand Jury recommendations, the agency reported that CBO contracts presented to the BOS for renewal now report on RBA performance measures in addition to the number of clients served, although the reporting is not as robust as seen in other counties.

HCSA includes four different program areas: office of the agency director (including indigent health services), behavioral health, public health, and environmental health. Environmental health has no CBO contracts and therefore was not included in the Grand Jury's investigation. Each of the other three departments has a different focus for contracting based on the services they provide and adheres to different contract requirements based on the rules of their specific federal, state and county funding sources. Therefore, establishing RBA performance measures on top of required regulatory metrics in CBO contracts has not been a trivial process.

Generally, CBO contracts are managed by HCSA staff across functional areas: program staff develop the scope of work, administrative staff handle contract approval and invoicing, and finance staff track the budget. Most contracts are invoiced and paid quarterly, after the CBO's quarterly report is reviewed and approved.

## Office of the Agency Director

The office of the agency director at HCSA, which includes finance and administration, has about 20 administrative staff. RBA has been introduced in some of the contracts (indigent health services, Measure A funded programs) but not all. Measure A is a locally funded half-cent sales tax for essential health care services. In 2014, the payment structure for the Health Program of Alameda County (HealthPAC) contracts changed to half block grant and half incentive payment.

This department takes the following steps to ensure information reported by contractors is accurate:

1. Uses the Medically Indigent Care Reporting System (MICRS) to confirm services provided by the contractor for eligible patients.
2. Regularly reviews enrollment and utilization data to identify any trends over time.
3. Conducts as-needed chart audits to verify system improvement activities (e.g., hepatitis C screening and treatment, and opioid dependence treatment data).
4. Conducts site visits twice a year with contractor to review data and reports submitted.

## Behavioral Health

Behavioral Health is by far the largest HCSA department (FY2018-2019 budget of \$483 million) and has approximately 150 administrative staff with 45 dedicated to contract management. Behavioral Health serves about 30,000 clients in the county, many of whom have severe and persistent mental health issues and drug addiction. Behavioral Health contracts are funded through the state Medi-Cal program and must comply with complicated federal and state reporting regulations. RFPs are used to select contractors, then the department meets with contractors to communicate the requirements of state and federal regulations. This has limited the application of RBA because too many requirements can frustrate the contractors, most of which are medium-sized (range of \$20-30 million annual budget) and mature (established) CBOs. The county is just beginning to introduce incentives through the full-service partnership program, a small pilot program with nine of the 90 CBO providers, and an incentive budget of \$1.2 million. FY 2019 is the first year for incentive payments which are on top of base payments. Participating companies include some of the largest contractors, such as Seneca and Telecare. Incentives are linked to improvement in identified shortcomings. The purpose is to move clients to wellness more rapidly and to make room for new clients instead of seeing the same clients return for services repeatedly. This is a “toe in the water towards values-based care.”

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Behavioral Health generally audits a sample of records to verify that the information received from providers is accurate. Examples of audits include:

- Chart reviews and service verification for mental health and substance use treatment programs that bill to Medi-Cal,
- Review of sign-in sheets, curricula and fliers during annual site visits for substance use prevention programs, and
- Onsite visits of mental health prevention programs that include service verification.

### Public Health Department

The Public Health department (FY2018-2019 budget of \$111 million) is smaller than Behavioral Health but faces the same contracting issues that inhibit implementation of RBA: contracts are funded through federal and state grants and must comply with complex federal and state reporting rules. RBA is used in all Measure A funded contracts as well as some within the family health services division. Unlike Behavioral Health, Public Health contracts do not include incentive payments. In order to ensure that reported data are accurate, the Public Health contract monitors conduct site visits. During these CBO site visits, data systems, client files, charts and other materials are reviewed. Additionally, back-up documentation is requested to validate services as needed.

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*Results-based accountability is used in all Measure A funded contracts as well as some within the family health services division.*

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### **Alameda County Social Services Agency**

The Social Services Agency (SSA) manages 219 CBO contracts with 111 different community-based organizations totaling approximately \$82 million annually. Currently 192 contracts (87.7%) include RBA performance measures with an agency goal to reach 100% by 2020. SSA has a staff of eight program financial specialists with two support staff.

Approximately 66% of SSA contracts with CBOs are greater than \$100,000, and originally went through the formal procurement process. Witnesses estimated that approximately 22% of all SSA contracts with CBOs can be renewed without another RFP/RFQ, most of which are considered sole source contracts.

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CBOs are required to submit data to SSA detailing service deliverables. These data can include counts of services delivered, client counts, sign-in sheets, program narrative reports and/or progress toward program performance goals. Prior to payment of invoices from CBOs, documentation is reviewed and validated by the associated program staff. The documentation is also analyzed to identify program trends, make policy and funding decisions, and for ongoing program development.

SSA is in the process of introducing a new database that will allow vendors to directly enter RBA data and enable SSA to more easily monitor vendor performance. In addition to reporting requirements, SSA also conducts regular site visits to CBOs, as a means to monitor performance. The CBO sites are visited in the first and third years of their contracts. During a site visit, SSA contract oversight staff reviews the following:

1. Supporting documents for invoices
2. Performance metrics
3. Physical condition of the facility
4. Number of staff
5. Articles of incorporation

### **Alameda County Probation Department**

The Probation Department is projected to spend just over \$40 million in public protection dollars in FY2018-2019 on contracts with CBOs. While this represents significantly fewer CBO contracts compared to the other two agencies reviewed, the Probation Department was able to report nearly 100% of their contracts now contain performance measures.

Over half of the budgeted CBO spending, 60 contracts, relates to AB109 state prison realignment programming. Because much of this state funding was new, the Probation Department sought out contracting assistance from GSA. GSA staff is now embedded in the Probation Department.

One example of this collaboration took place last year when GSA aided probation staff in seeking bids for a three-year \$11 million contract for delinquency prevention network services. Ultimately, after competitive bidding, the department selected 11 different vendors including four cities to provide these services. The Probation Department expects to contract with seven additional CBOs and vendors next year. The Grand Jury examined many of the final contracts which included comprehensive performance measures intended to focus on whether clients were better off as a result of the services provided.

While the Probation Department does not have its own formalized policies regarding contract oversight, staff uses the county GSA contract administrative guide and manual for guidance. In addition, like many contracts within HCSA, most federal funding that flows through the Probation Department comes with very stringent oversight regulations that guide the county's program managers. Many of the contracts require monthly reporting by the contractor before they can be reimbursed for their services. Staff also perform site visits periodically with an opportunity to compare individual case files with the monthly reports provided to the county, and to review any other service logs to verify that reported services were actually provided. In addition, many of the contracts require both financial and programmatic audits.

Staff admitted that it is uncommon to fire contractors for nonperformance, but it has happened. More commonly, oversight staff prepare corrective action plans for the contractors and work with them on improvement measures. A shortcoming is that, like the other departments, there is minimal information about performance and outcomes included in the contract renewal request letter presented to the Board of Supervisors. Consequently, it is very difficult for the public or another county agency to understand how a specific contractor is performing.

The current probation chief is a strong supporter of data-driven decisions and results-based accountability. The chief receives monthly updates on accountability measures although currently much of the data are managed through simple spreadsheets. The department is in the process of launching CaseloadPRO, a comprehensive probation specific case management system. While the system is currently client focused, there is potential to build it out to aid in contract oversight.

## **CONCLUSION**

The Grand Jury commends these three departments for the progress they have made in using results-based accountability and performance metrics to improve the management and oversight of CBO contracts. The Grand Jury encourages county staff to keep up the effort of using these RBAs for evaluating contract performance.

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<b>FINDINGS</b>	<i>None</i>
<b>RECOMMENDATIONS</b>	<i>None</i>
<b>RESPONSES REQUIRED</b>	<i>None</i>