



Legislation Text

File #: 09-0618, **Version:** 1

Health Services Department, Mental Health Division, recommending adoption of Resolution discharging the department of accountability for the collection of debtor accounts owed to the County, pursuant to Government Code Sections 25257 through 25259.

Resolution 109-2009

Fiscal Impact/Change to Net County Cost: None. The debts totaling \$362,209 are considered uncollectible and therefore were not included in the Department's FY 08-09 projected revenues.

Background: In 2005, El Dorado County entered into the Regional Mental Health System Coalition Joint Powers Agreement (JPA) with eight other counties. The purpose of the JPA was to implement and maintain an automated mental health data system. On July 1, 2007, as a member of the JPA, the Department installed a new computer system, AVATAR, to be utilized for processing all future accounts receivable. This system was designed to produce three major types of bills for client services: 1) Medi-Cal, 2) Insurance and other third-party groups, and 3) direct client billings.

The prior accounts receivable system, ECHO, was deactivated in 2007 and the Department opted to manually enter only the total account balances to the new AVATAR system instead of interfacing the billing detail into the new system. The lack of billing detail in the new AVATAR system has proven to be problematic related to the generation of direct client billings.

Reason for Recommendation: The Department is currently billing both Medi-Cal and insurance/third-party payors, on a timely and regular basis. However, the direct client billings have not been generated since July 2007 when the ECHO system was still in use. To date, direct client bills have not been generated from the current AVATAR system because there is no reasonable way to itemize the bills for the carried forward balances to reflect specific services provided and dates of those services.

Due to the age of these accounts and the failure to generate timely billings, the validity and/or reasonableness for these bills is considered questionable. At the time of service, other sources for payment may have been available, but due to the amount of time elapsed, our opportunity for billing other sources has expired. For example, Medi-Cal only accepts bills within six months of the date of service and many other insurance providers establish similar time frames. The staff time required to resolve these billings would be considerable and, therefore, costly; however, the anticipated yield, in terms of payments from clients, would most likely be negligible. Also, the statute of limitations would preclude pursuit of a large percentage of these amounts.

After considerable research and analysis related to these system issues and the amounts owed to the County, the Department is now poised to implement a timely monthly billing process; however, the age of some portions of the current account balances and lack of details prior to July 2007, have prevented the Department from issuing bills for current activity.

The Department is requesting authorization to approve immediate discharge of the accounts listed on

the attachment (for FY 07-08 and prior years). If the Board approves this recommended action, the Department will proceed with the issuance of direct client billings for FY 08-09 and beyond.

Action to be taken following Board approval:

1. Chairman to sign two (2) original Resolutions.
2. Mental Health Division to adjust systems to reflect discharge of accountability for \$362,209 of debt.

Contact: Neda West, Health Services Department

Concurrences: The attached Resolution has been approved by County Counsel. Mental Health Division has conferred with County Revenue Recovery Division regarding the expiration of applicable statutes of limitations, unavailable client bill specifics, and the likelihood that collection efforts do not warrant the expense involved. They concur with the recommendations presented in this item.