

Overview of NBRC FY 18/19 Projected Expenditures for Purchase of Service

Presented by:
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February 6, 2019

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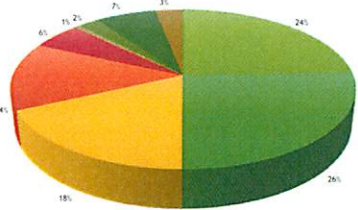
Financials as of November 30, 2018

- ▶ NBRC is projecting a balanced operations budget. NBRC continues to closely monitor all operations expenses to ensure maintaining a balanced budget.
- ▶ The Projected Expenditures for Purchase of Service (PEP) was due on December 10, 2018. This was completed and submitted to the Department of Developmental Services for FY18/19.
- ▶ At this time, the POS projections are estimating about 10% above the E-1 allocation. This means if our costs continue at the current pace, we will exceed the total amount allocated in the E-1.
- ▶ This is primarily due to the following:
 - ▶ 1/2019 Minimum wage increases for Community Care Facilities estimated at \$791,000
 - ▶ 1/2019 Minimum wage increases for Day Programs, Respite, and Supported Living Services estimated at \$275,000
 - ▶ 5/2019 One time 2.07% Bridge funding for Day Programs, Respite, Infant Development, and Community Care Facilities
 - ▶ Transportation estimated increase is \$521,000 based on R&D's projection of the recent transportation trends.
 - ▶ Sonoma Developmental Center closure estimated at \$4,957,939 (placements, specialized programs and supports)
- ▶ In addition, the Supported Living Expenses continue to increase. This is an area we are closely monitoring. In March of 2018, the contracts for supported living services converted from a flat "tier" monthly rate to an hourly rate. This change to our contract rate was originally considered to be cost neutral. However, we are noting an increase in our costs.
- ▶ With this said, under the Lanterman Act, the State of California has a commitment to provide services and supports to individuals with developmental disabilities as this is an entitlement and POS expenses should be covered by DDS.
- ▶ Lastly, the regional centers have been notified that the E-2, or second allocation for this fiscal year, will be sent out shortly.

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POS expenditures through November 30, 2018

Community Care Facilities	\$ 23,693,706.00	26%
Supported Living Services	\$ 22,573,884.00	24%
Day Programs	\$ 16,589,962.00	18%
Behavioral Services	\$ 12,759,062.00	14%
Other	\$ 6,260,383.00	7%
Transportation	\$ 5,133,570.00	6%
Respite	\$ 2,146,266.00	2%
Medical Services	\$ 525,725.00	1%

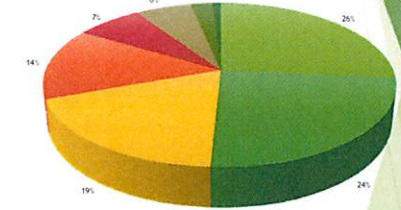


■ Supported Living Services
 ■ Community Care Facilities
 ■ Day Programs
 ■ Behavioral Services
 ■ Transportation
 ■ Medical Services
 ■ Respite
 ■ Other
 ■ CPP

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POS Projections were based on the first five months of expenditures and rate adjustments

Community Care Facilities	\$ 59,747,649.00	26%
Supported Living Services	\$ 55,272,181.00	24%
Day Programs	\$ 41,967,733.00	19%
Behavioral Services	\$ 32,406,560.00	14%
Other	\$ 15,970,180.00	7%
Transportation	\$ 13,669,215.50	6%
Respite	\$ 5,336,045.00	2%
Medical Services	\$ 2,059,259.00	1%



■ Community Care Facilities
 ■ Supported Living Services
 ■ Day Programs
 ■ Behavioral Services
 ■ Transportation
 ■ Respite
 ■ Medical Services
 ■ Other

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How are POS expenditures monitored?

- ▶ NBRC case management monitors all client's service needs through the IPP process. This includes ensuring that we have exhausted generic resources and are purchasing the most cost effective services.
- ▶ The fiscal department closely reviews all purchase of services requests, corresponding invoices and supporting documentation to ensure that services are approved, paid in accordance to regulations and compliant for future audits.
- ▶ The vendor auditors randomly audit services and provide feedback as appropriate to ensure compliance.
- ▶ NBRC closely monitors new regulations, trends, and exceptional cases. Any major changes that may affect our original projections (either an increase/decrease) will be reported back to the Department of Developmental Services.

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Fiscal and Accounting Department Update

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Fiscal, Vendor Audit, & Accounting Department

- ▶ The fiscal/accounting department is staffed with a total of 10 employees.
 - ▶ The fiscal department is staffed with 4 fiscal assistants. The most senior employee has been with NBRC for 17.5 years. The newest staff member has been with NBRC for 2.5 years.
 - ▶ The fiscal department is responsible for all areas related to purchase authorizations, billing, review and payments.
 - ▶ The Fiscal Supervisor also manages the office assistants and their tasks which now includes scanning client charts.
 - ▶ The fiscal management team provides training for new case management staff as well as vendors. The fiscal management team stays involved with the Vendor Advisory Committee, as well as other committees within the agency.

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Fiscal Assistants

- ▶ The fiscal department processes approximately 3000 authorizations per month. This includes both New Purchases and Re-authorizations.
 - ▶ Each purchase of service request is reviewed and processed in accordance to state regulations and NBRC's internal policy and procedures.
 - ▶ Authorizations are issued within two business days from the time the purchase is approved by the case management supervisor, as long as all of the information is complete.
- ▶ The fiscal department processes approximately 2100 invoices per month.
 - ▶ Approximately 5600 invoice lines/per month.
 - ▶ Totaling nearly \$20 million/per month.
 - ▶ Each invoice is reviewed to ensure the vendor billing is in accordance with the authorization and state regulations.
- ▶ Audits, by both DDS and Marcum, have resulted *less than a 1% financial error rate* for overpayment. The fiscal department also handles other duties that include:
 - ▶ Family Cost Participation Program (applies to families 0 - 18 years of age)
 - ▶ Social Security Restoration
 - ▶ All state mandated rate adjustments

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Vendor Auditors

- ▶ Vendor Audit Department is staffed with:
 - ▶ 2 Vendor Auditors
- ▶ Vendor Auditors
 - ▶ Vendor Auditors are responsible for auditing a minimum of 4% or nine audit reports per year for vendors paid less than \$100,000 per year.
 - ▶ These audits include billing, staffing, and cost analysis as outlined in the Regional Center's contract with the Department of Developmental Services.
 - ▶ NBRC continues to work on ensuring that the internal audit protocols and processes are current with regulations and guarantee that deadlines are met.

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Vendor Coordinator

- ▶ 1 vendor coordinator
- ▶ Vendor coordinator is responsible for all things related to the vendor file.
 - ▶ The Vendor Coordinator ensures that all vendor files are current and up to date.
 - ▶ Upon receipt of all vendor documents, the Vendor Coordinator assigns a vendor number and establishes the vendor file in the system.
 - ▶ The Vendor Coordinator is responsible for scanning and maintaining all the documents in our DocuShare electronic filing system.
 - ▶ The Vendor Coordinator enters all rates and also obtains information for all courtesy vendorizations.
 - ▶ The Vendor Coordinator works closely with the fiscal management to ensure files are compliant for audits.

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Accounting Department

- ▶ Audit Department is staffed with:
 - ▶ 1 Controller
 - ▶ 1 Accounting Specialist
- ▶ The accounting department is responsible for all accounting functions including producing the State Claim reporting, all banking and reconciliations, as well as tracking and maintaining all inventory for the agency.
- ▶ The Controller has established a well documented process that has made our audit process clean and compliant.
- ▶ The Controller has assisted in documenting and improving our internal control to ensure that NBRC remains compliant in areas that have previously been non-compliant such as inventory, unsupported credit care expenditures, equipment and separation of duties. The auditors have credited much of the improvement to the work our Controller has done to assist in these areas.
- ▶ The Controller is currently overseeing our internal Marcum audit. NBRC anticipates the final report being completed prior to the Department of Developmental Services' March 31st deadline.

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