

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Southeast Louisiana Hospital
Office of Mental Health
Department of Health and Hospitals
State of Louisiana
Mandeville, Louisiana

April 1, 1999



Financial and Compliance Audit Division

*Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor*

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**SOUTHEAST LOUISIANA HOSPITAL
OFFICE OF MENTAL HEALTH
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Mandeville, Louisiana**

**Management Letter
Dated March 18, 1988**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

April 1, 1988



OFFICE OF
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March 19, 1998

**SOUTHEAST LOUISIANA HOSPITAL
OFFICE OF MENTAL HEALTH
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Mandeville, Louisiana**

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 1998, we conducted certain procedures at Southeast Louisiana Hospital. Our procedures included (1) a review of the hospital's internal controls; (2) tests of financial transactions for the years ended June 30, 1996, and June 30, 1997; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ended June 30, 1996, and June 30, 1997; and (4) a review of compliance with prior audit report recommendations.

The Annual Fiscal Report of Southeast Louisiana Hospital is not within the scope of our work, and, accordingly, we offer no form of assurance on that report upon its issuance. The hospital's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and selected hospital personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed recommendations for improvements. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

In our prior report dated March 19, 1996, we reported an internal control finding concerning the On-Line Data Entry System. This finding has been resolved by management.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Patients Receiving Social Security Income Not Billed

Southeast Louisiana Hospital did not bill patients who receive social security income and who have been patients at the hospital for more than a 90-day continuous stay. The Louisiana Administrative Code, Title 48, Part 1, Subpart 1, Chapter 21, Section 2129 (A)(3) states that the hospital should bill long-term patients receiving unearned income for any treatment received by the patient subsequent to the first 90 days

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OFFICE OF MENTAL HEALTH
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of care. It further states that the hospital should apply any forthcoming unearned income to the cost of care less a personal needs allowance. Also, the Department of Health and Hospitals, Office of Mental Health, "Accounting Practices for Mental Health Hospitals," May 18, 1995, revision, states that clients who receive Social Security checks (SSA clients) should be billed monthly, beginning with the first day following a 90-day continuous stay.

At the time of admission, the hospital does not indicate in its Patient Information System whether a patient is an SSA client. It also does not track whether the SSA clients have been in the hospital for more than a 90-day continuous stay. The hospital provided information indicating that at March 13, 1998, there are 30 patients at the hospital receiving Social Security checks totaling \$15,529 monthly, who have been at the hospital over 90 days and who are not being billed by the hospital.

Failure to comply with accounting policies for billing of SSA patients results in the loss of revenue to the hospital.

Management of Southeast Louisiana Hospital should bill patients who receive Social Security income in accordance with policies established by the Louisiana Administrative Code and the Department of Health and Hospitals, Office of Mental Health. In a letter dated March 18, 1998, Mr. W. V. Knight, Accountant Administrator 1, stated that the hospital concurred with the finding and recommendation. Corrective action has been implemented and all patients who have currently met the 90-day continuous stay criteria are being billed retroactively for cost of care, less a personal allowance of \$75 per month.

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the hospital. The varying nature of the recommendations, their implementation costs, and their potential impact on operations of the hospital should be considered in reaching decisions on courses of action. The finding relating to the hospital's compliance with applicable laws and regulations should be addressed immediately by management.

LEGISLATIVE AUDITOR

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This report is intended for the information and use of the hospital and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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