Compromised Controls and Pace of Change Hampered Implementation of Enhanced Mental Health Services

Summary

For the past two years, the NC Department of Health and Human Services has struggled with implementing a new array of mental health services known as the Enhanced Services Package. This new array of services was designed to leverage federal funding and improve the range of mental health, developmental disabilities, and substance abuse services available to citizens with complicated and chronic disabilities. As soon as the new service array was implemented, however, levels of services and expenditures rose rapidly. Subsequent reviews by the department found that in some cases, the services provided were not medically necessary. The Program Evaluation Division's analysis identified several key problems that contributed to utilization and cost overruns.

- **Pace of implementation.** Delays in securing federal approval of the new array of services meant the department had three months to implement the services. As a result, a number of oversight processes either had not matured or were not in place when implementation began. Some providers were thus able to take advantage of the system by delivering an unchecked amount of services.
- **Insufficient forecasting and monitoring.** The department did not adequately forecast costs or utilization. Nor did the department have a baseline against which to measure system performance and assess utilization and expenditures. Once implementation began, the department's tracking of expenditures was not detailed enough to show the underlying pattern of escalating services and costs.
- **Information not organized for decision-making.** Performance goals and measures were not established for the service array at the outset, and the department's current external reports present excessively dense data that are neither synthesized nor interpreted. The lack of useful information limits decision-makers' abilities to understand trends and determine how well the current system is working.

The Program Evaluation Division recommends the department:
- manage data and information so that its executives can readily identify key issues and respond purposively; and
- improve its internal data analysis and policy development processes by continuing to move from data collection and reporting to information synthesis and knowledge management.