



CITY OF PHILADELPHIA

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REBECCA RHYNHART
City Controller

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July 30, 2018

Ms. Joan L. Erney, JD
Chief Executive Officer
Community Behavioral Health
801 Market Street, 7th Floor
Philadelphia, PA 19107

RE: DBHIDS and CBH Audit

The City of Philadelphia's Office of the City Controller ("Controller's Office") is conducting an audit of the Office of Behavioral Health & Intellectual disAbility Services ("DBHIDS") and Community Behavioral Health ("CBH"). The objective of the audit is to determine whether DBHIDS and CBH are properly and effectively using public financial resources in administering the HealthChoices Program and other grant related activities.

Pursuant to the audit authority set forth in the paragraphs below, the Controller's Office is requesting to review a sampling of records from CBH and its providers to validate that payments made by the City (through DBHIDS) are adequately supported by documentation. Our methodology for this audit is as follows:

1. Select a sample of CBH providers from the 272 agencies receiving payments from DBHIDS.
2. After determining all payments made to the providers during the City's fiscal year ending June 30, 2017, select three payments (covering three weeks' services) for each provider in our sample.
3. At the provider's location, request a copy of each invoice used to document the selected payments.
4. From each invoice, randomly select 5 sample transactions and ask the provider to show the auditors documents to support the charges. The auditors will be requesting supporting documentation deemed necessary to validate the selected transactions.

The Controller's Office is authorized under Article VI, Chapter 4 of the City of Philadelphia Home Rule Charter to audit the financial affairs of every officer, department, board, commission, and agency receiving an appropriation from the City. CBH is an agency as defined by § 6-400 of the Home Rule Charter and, as such, is subject to the Controller's Office broad financial audit authority.

In addition, the Controller's Office is contractually authorized to audit CBH on behalf of the City in its capacity as payer for CBH services (see, e.g., Article VI of the General Provisions and Section II.H(6-7) to the City's Provider Agreement with CBH). Information that the Controller's Office may

obtain under the City's contract with CBH includes "all vouchers or invoices presented for payment pursuant to this Contract, all cancelled checks, work papers, books, records and accounts upon which the vouchers or invoices are based, and any and all documentation and justification in support of expenditures or fees incurred pursuant to this Contract." (General Provisions § 6.1)

The Health Insurance Portability and Accountability Act ("HIPAA") Privacy Rule permits a covered entity to disclose protected health information – without patient authorization, court order, or subpoena – for its payment activities. 45 CFR § 164.506. Please be advised that we consider this to be a payment activity as contemplated by the Privacy Rule, since periodic audit is a condition of CBH receiving payment through the City for the services rendered by CBH providers.

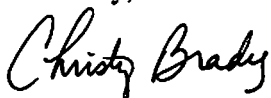
In performing this audit activity on behalf of the City, the Controller's Office is functioning within the City's designated health care component (see Mayoral Executive Order 4-17 Section 1.B(11)). Accordingly, all personnel involved in this audit are subject to the City's HIPAA compliance program and have received training regarding the HIPAA Privacy, Security, and Breach Notification Rules, other applicable privacy laws, and the City's HIPAA and other confidentiality policies and procedures. To the extent the Controller's Office maintains electronic protected health information, safeguards will be implemented to ensure such systems are compliant with the City's HIPAA security requirements.

We appreciate the sensitive nature of the client records maintained by CBH and its providers and have identified the following parameters to protect individuals' privacy rights and limit the information requested to the minimum necessary to meet the City's audit objectives:

1. CBH providers will be notified at least 48 hours in advance of an on-site visit. Upon arrival, the auditors will show their City-issued identification and will remain in the locations designated by the provider (away from client reception or treatment rooms).
2. To the extent possible, the identities of patients should be redacted by providers in the presence of the auditor. The auditor will need to see documentation that adequately supports particular invoiced charges but does not need to see client names or details of an individual's treatment or condition. However, the auditors need to be able to link the charge shown on the invoice back to the supporting documentation.
3. Patient information will be reviewed on-site. Although we do not foresee the need to remove protected health information from the provider's site, any notes made or other hard-copy information received by auditors will be stored in a locked area of the Controller's Office, and electronic information will be stored on a firewall, password protected, authorized access system.

As a City Support Unit, the Controller's Office has designated Salena Jones, Esq. to be its HIPAA Privacy Liaison. If CBH or its providers have questions about this request or privacy concerns while being audited, please contact Ms. Jones at (215) 686-8826 or salena.jones@phila.gov. Thank you for your cooperation in this matter.

Sincerely,



CHRISTY BRADY
Deputy City Controller

cc: David T. Jones, Commissioner, DBHIDS
Julie Assis, Esq., Law Department HIPAA Privacy Unit
Salena Jones, Esq., City Controller HIPAA Privacy Liaison