



CHARLIE CRIST
GOVERNOR

HOLLY BENSON
SECRETARY

May 5, 2008

Holly Benson, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Benson,

Please find enclosed our six-month status report on the *Agency for Health Care Administration Medicaid Non-Emergency Transportation Services Audit*, Report Number 2008-033, issued November 5, 2007. This status report is issued in accordance with the statutory requirement to report on corrective actions resulting from the Auditor General's recommendations six months from the report date.

If you have any questions about this status report, please contact Mike Blackburn at 414-5419.

Sincerely,

Linda Keen, RN MS JD
Inspector General

LK/mb
Enclosure

cc: Terry L. Shoffstall, Legislative Auditing Committee
Dyke Snipes, Deputy Secretary, Division of Medicaid



**Six-Month Status on Auditor General Report:
2008-033 Audit of NET Services
Six-Month Status as of: May 5, 2008**

Finding #1	Recommendation	Management Response as of November 5, 2007	Status as of May 5, 2008	Anticipated Completion Date & Contact
<p>Agency files did not include a price or cost analysis showing that the contract rate of payment did not exceed the competitive prevailing rate.</p>	<p>To reasonably ensure that NET contract rates are competitive and supported in the manner required by Florida law and Agency procedure, we recommend the Agency utilize the trip encounter information provided under the contract to perform periodic cost analyses of NET services.</p>	<p>Finding No. 1 is correct as stated. The Agency files do not include a price or cost analysis.</p> <p>The Agency entered into the initial contract with the CTD in 2004 after the Legislature had cut the Medicaid Non Emergency Transportation (NET) budget by 11%. Each year, the Legislature appropriates a set amount for the Agency to spend on NET services. The Legislature bases its NET appropriation on the Agency's budget projections completed during its Estimating Conference. Since these budget projections are not part of NET contract negotiations, but are part of the Agency's larger analysis for budgetary purposes, the Agency has not previously included the cost analysis in the contract file. In the future, documents relating to the Agency's budget projections for transportation costs will be included in the contract file as appropriate. (See attached supportive documentation.)</p>	<p>Working with the current Vendor to provide specific financial reports that better account for the funds the Agency allocates to the Vendor and allows the Agency to follow the distribution of funding to the Vendor's subcontractors.</p>	<p>September 1, 2008 G. Douglas Harper</p>
		<p>The report also states that the "CTD[s] payments to the county providers were approximately \$32 million in excess of the reported trip encounter costs for the period November 2004 through February 2007" (Table 2 of the Preliminary and Tentative Audit Findings). The Agency agrees that data provided by the CTD relating to trip encounter costs is less than the payments to county providers. The CTD has confirmed that there are problems with the accuracy of these data. The Agency is continuing to work with the CTD to improve the accuracy of this report.</p>		

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		<p>It should also be noted that the amount the Agency pays the CTD is not necessarily the amount the CTD allocates to its Community Transportation Coordinators (CTCs) or what the CTCs pay their transportation providers for providing NET services. For example, the contract between the Agency and the CTD stipulates that the CTD receives 5% of the amount paid by the Agency for each invoice to cover administrative costs. Specifically, the contract states:</p> <p>Administrative fees are limited to five (5%) percent of the monthly payment. The remaining ninety-five (95%) percent of the monthly payment will be paid by the Vendor to subcontractors utilizing a fixed payment plan developed by the Vendor for direct transportation services. (Section C.2., Contract Billing and Payment, paragraph 4)</p> <p>As a result, the CTD is entitled to over \$10 million for administration for the period from November 1, 2004 through February 28, 2007. These administrative fees and the problems with the accuracy of the data provided by the CTD should be considered with regard to this finding.</p>		

**Six-Month Status on Auditor General Report:
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Six-Month Status as of: May 5, 2008**

Finding #2	Recommendation	Management Response as of November 5, 2007	Status as of May 5, 2008	Anticipated Completion Date & Contact
<p>Our tests of the Agency's monitoring of the CTD contract disclosed that, based on available documentation, the level of monitoring was not sufficient for the Agency to evaluate performance of the contractor and its subcontractors.</p>	<p>To ensure that Medicaid non-emergency transportation services are only provided to eligible beneficiaries and the most cost-effective method is used, we recommend the Agency enhance contract monitoring procedures and document monitoring efforts in sufficient detail.</p>	<p>Finding No. 2 appears to be based on the fact that the Agency was not able to provide copies of the quarterly reports. The Agency agrees that the contract manager failed to require the submission of quarterly reports as required by contract language. It should be noted however, that the CTD includes reports on a monthly basis with its invoice. Therefore, the CTD reports to the Agency at a greater frequency than is required under the terms of the contract. The quarterly reports will be required in the future, or clarification will be made that monthly reports can be accepted as a substitute.</p> <p>Finding No. 2 also cited the lack of a signed copy of the Monitoring Evaluation Form (although the Agency was able to produce an unsigned copy) and the lack of sufficient documentation to support the Agency's findings. The contract manager who completed the monitoring is no longer with the Agency. As a result, the Agency has been unable to find a signed copy of the Monitoring Evaluation Form. The Agency has taken steps to ensure that the contract manager has access to signed copies of all future monitoring reports.</p> <p>The Findings also state that "while Agency staff indicated that they plan to conduct an on-site survey of the CTD and several county providers in the near future, as of May 2007 the Agency had not documented any monitoring efforts over the CTD's gatekeeping policy." The Agency has not completed on-site monitoring of the CTD's gatekeeping procedures for the 7/1/2006 – 6/30/2007 contract period. The Agency is taking</p>	<p>Developing improved reporting requirements to ensure that the Agency is able to review pertinent information and identify trends before they become major issues. Additionally, while the Agency is continuing to move forward with negotiations to contract with the Commission for the Transportation Disadvantaged (CTD), the Agency is simultaneously</p>	<p>September 1, 2008 G. Douglas Harper</p>

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		<p>steps to ensure appropriate monitoring occurs.</p> <p>Furthermore, the CTD transmitted all of its encounter data to the Agency in May 2007 as a means to allow the Agency to assess the CTD's gatekeeping efforts. The Agency is continuing to evaluate the data and is currently working with the CTD to find ways to improve the CTD's gatekeeping process.</p> <p>Finally, the Findings "recommend [that] the Agency enhance contract monitoring procedures and document monitoring efforts in sufficient detail." As was stated to the Auditor General's evaluators, the Agency has already undergone an analysis of the current weaknesses in the contract's data reporting and quality indicators. The Agency is incorporating these findings into the specifications of a competitive procurement document that the Agency will use to select its NET vendor for a contract starting July 2008. These specifications include new reporting requirements such as breakdowns, by county, of quality indicators (e.g., Grievance and Appeal and Performance Measures reporting) and encounter data (e.g., type of transportation and transportation destination).</p>	<p>developing an RFP for competitive procurement purposes should the Agency and the CTD fail to reach a final agreement.</p>	