



CHARLIE CRIST
GOVERNOR

HOLLY BENSON
SECRETARY

May 8, 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 Third Party Liability Audit*, Report Number 2008-035, issued November 8, 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:
2008-035 Audit of Third Party Liability
Six-Month Status as of: May 8, 2008**

Finding #1	Recommendation	Management Response as of November 8, 2007	Status as of May 8, 2008	Anticipated Completion Date & Contact
<p>The Agency's TPL contract monitoring procedures could be improved through the use of checklists or similar documentation to evidence that the monitoring was completed and conducted in accordance with established criteria and standards.</p>	<p>We recommend the Agency develop checklists or similar documentation in support of estate and insurance recovery monitoring.</p>	<p>The Agency will develop and use a checklist for monitoring purposes for estate and insurance recovery.</p>	<p>Recommendations are pending implementation of new Third Party Liability contract.</p>	<p>August 1, 2008 Jennifer Barrett 487-0925</p>

**Six-Month Status on Auditor General Report:
2008-035 Audit of Third Party Liability
Six-Month Status as of: May 8, 2008**

Finding #2	Recommendation	Management Response as of November 8, 2007	Status as of May 8, 2008	Anticipated Completion Date & Contact
<p>The Agency should address in its monitoring reports the significance of monitoring findings to better assess the TPL contractor's performance and whether liquidated damages should be assessed.</p>	<p>We recommend the Agency enhance its monitoring process to ensure that monitoring reports distinguish between minor errors and those considered repetitive, substantial, or significant procedural errors. The Agency should also require the TPL contractor to document whether estate funds are available for recovery to allow the Agency to determine whether the TPL contractor's actions were sufficient under the circumstances. Finally, we recommend that the monitoring report contain conclusions regarding whether the assessment of liquidated damages should be pursued by the Agency.</p>	<p>The Agency shall ensure it summarizes repetitive, substantial or significant procedural errors in its summary cover letter that is submitted with each monitoring report. In addition, the Agency will include conclusions regarding whether the assessment of liquidated damages will be pursued as a result of the monitoring report findings. The Agency will require the contractor to pursue recovery after a legal deadline has passed if possible (e.g. the court has not ordered disbursement of funds). The Agency will determine whether or not the contractor's actions were sufficient and impose sanctions as appropriate in accordance with the contract.</p>	<p>Recommendations are pending implementation of new Third Party Liability contract.</p>	<p>August 1, 2008 Jennifer Barrett 487-0925</p>

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Finding #3	Recommendation(s)	Management Response as of November 8, 2007	Status as of May 8, 2008	Anticipated Completion Date & Contact
<p>The Agency should periodically review the TPL contractor's list of insurance carriers to evaluate its sufficiency for identifying and locating liable third-parties. The Agency should also request a waiver for modifications to related Federally-required processes.</p>	<p>We recommend the Agency request a waiver from the Federal Government in regards to modified procedures related to the identification of liable third-parties. We also recommend that the Agency periodically review the TPL contractor's insurance carrier list to evaluate its sufficiency. Steps to evaluate the list might include comparisons of the carriers shown by the list to State-licensed providers.</p>	<p>The Agency will evaluate the effectiveness of the data matches and consider a revision to the Medicaid State Plan. The Agency will require the contractor to submit supporting documentation indicating data matches were conducted. The Agency will continue to monitor collections received from carriers and cost avoidance savings to ensure the contractor is conducting the required data matches.</p>	<p>Recommendations are pending implementation of new Third Party Liability contract.</p>	<p>August 1, 2008 Jennifer Barrett 487-0925</p>

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Finding #4	Recommendation(s)	Management Response as of November 8, 2007	Status as of May 8, 2008	Anticipated Completion Date & Contact
<p>To ensure that amounts collected by the Agency's TPL Unit are timely deposited and accurately recorded in accounting and other management records, the TPL Unit should reconcile amounts collected to the amounts recorded.</p>	<p>We recommend the Agency implement procedures to reconcile TPL Unit receipts with deposits shown by the accounting records.</p>	<p>TPL receives a daily deposit log and copies of deposit slips from the contractor for casualty, estate and trust deposits. TPL also receives copies of deposit slips and deposit logs from the lockbox. TPL maintains a database in order to reconcile amounts deposited and subsequently invoiced by the contractor. TPL posts an event in the TPL case tracking system (EAGLE) as an additional measure to ensure amounts deposited balance to amounts invoiced. Prior to approving invoices for the contractor, TPL ensures funds have been deposited. In order to eliminate processing of TPL funds through Finance and Accounting, TPL is working towards the TPL contractor depositing all TPL related payments to ensure complete reconciliation of all amounts.</p>	<p>Recommendations are pending implementation of new Third Party Liability contract.</p>	<p>August 1, 2008 Jennifer Barrett 487-0925</p>

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Finding #5	Recommendation(s)	Management Response November 8, 2007	Status as of May 8, 2008	Anticipated completion date and contact
<p>Leads letters are sent to Medicaid recipients for whom claims may identify potential third-parties. The Agency should consider the cost-effectiveness of sending follow-up letters to Medicaid recipients who do not respond to initial leads letters.</p>	<p>To increase the return rate on leads letters, we recommend the Agency re-evaluate the process, including the cost effectiveness of sending a follow-up letter to Medicaid recipients who do not respond to the initial request. As part of this analysis, we suggest that second request letters be sent to an appropriate sample of recipients and that related response rates be measured and evaluated.</p>	<p>The Agency will work with the contractor to send second request letters to a sample population to determine the rate and adequacy of recipient response. The Agency will work with the contractor to monitor and evaluate responses to the second request to determine its effectiveness in improving recovery potential.</p>	<p>Recommendations are pending implementation of new Third Party Liability contract.</p>	<p>August 1, 2008 Jennifer Barrett 487-0925</p>

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Finding #6	Recommendation(s)	Management response as November 8, 2007	Status as of May 8, 2008	Anticipated completion date and contact
<p>The Agency should continue to monitor the impact on TPL activities of a recent United States Supreme Court ruling.</p>	<p>The Agency should continue to monitor the impact on TPL activities of the Supreme Court ruling.</p>	<p>The Agency will continue to monitor and track the fiscal impact resulting from the United States Supreme Court decision (Ahlbom) of May 2006.</p>	<p>The Agency continues to monitor and track the fiscal impact resulting from the Ahlbom Supreme Court decision.</p>	<p>On-going Jennifer Barrett 487-0925</p>