



RICK SCOTT
GOVERNOR

Better Health Care for all Floridians

ELIZABETH DUDEK
INTERIM SECRETARY

January 28, 2011

Elizabeth Dudek, Interim Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Dudek,

Please find enclosed our six-month status report on the Auditor General's Operational Audit of *Agency for Health Care Administration, Prior Audit Follow-up*, Report Number 2011-002, issued July 2010. 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 Mary Beth Sheffield at 412-3978.

Sincerely,

Inspector General

MB/szg
Enclosure

cc: Kathy DuBose, Legislative Auditing Committee
Roberta Bradford, Deputy Secretary for Medicaid
Karen Zeiler, Deputy Secretary for Operations



Agency For Health Care Administration
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6th Month Follow Up Table
Auditor General Report #2011-002, Prior Audit Follow-up to Agency Operational Audit

Finding #1	Recommendation	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>The Agency needs to enhance its contract management policies and procedures regarding attestations of independence with respect to contracted entities.</p>	<p>We recommend that the Agency's written policies be revised to clearly reflect the specific requirements for completion of the COI questionnaires. Further, since the relationships affecting a contract manager's independence could change over time, we recommend that independence certifications be obtained from contract managers at least annually.</p>	<p>We concur with the recommendation. COI questionnaires are now required of every individual involved in the procurement process, excluding those approving for administrative purposes only. Additionally, contract managers are now required to resubmit independence certifications annually (collected during Contract Administration conducted file reviews). AHCA Policy #4006 will be revised to reflect these requirements.</p>	<p>Complete.</p>	<p>Cathy McEachron</p>

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Finding #2	Recommendation	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>Additional actions by the Agency were necessary to ensure that contract monitoring is timely planned and documented.</p>	<p>We recommend that the Agency enhance policies and procedures to ensure that a monitoring plan is developed and approved during contract scope development. Further, the Agency should consider revising the monitoring plan format to include provision for documenting the date the plan was prepared and approved.</p>	<p>We concur with the recommendation. Contract monitoring plans are now required prior to contract development and execution. The monitoring plan format currently included in policy is provided as an example only. The policy will be revised to delete the form and replace with guidelines for preparing a contract monitoring plan.</p>	<p>Complete.</p>	<p>Cathy McEachron</p>

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Finding #3	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>The Agency's Third-Party Liability (TPL) contract monitoring procedures could better assess the TPL contractor's performance by addressing in reports the significance of monitoring findings. The Agency also needs to improve TPL contract procurement processes to minimize the risk of periods of time without TPL services.</p>	<p>We recommend that the Agency enhance its monitoring process to ensure that contract monitoring procedures document key compliance issues and the relative impact of any exceptions noted. Also, in the future, the Agency should increase the time allowed for the contract award process to minimize the risk of gaps in the services provided. Finally, the Agency should continue to pursue the collection of amounts forgone during the transition period.</p>	<p>The TPL Vendor has been operating under a Corrective Action Plan. As such, the Agency's current monitoring process involves daily monitoring of the Vendor's activities through document and billings reviews, case reviews and invoice reviews. The Agency also conducts on-site reviews of the Vendor's processes. The Agency will develop a monitoring process that will document key compliance issues and the relative impact of any exceptions noted. The Agency will work to ensure the maximum amount of time is allowed for the contract award process to minimize the risk of gaps in the services provided. The Agency with the Vendor has worked to help ensure that amounts forgone during the transition period are collected.</p>	<p>Billings are submitted to ensure collections are realized on a timely basis. The Corrective Action Plan with ACS is now complete. The TPL Unit has now begun to develop checklists in preparation for its formal monitoring process. The TPL unit continues to conduct daily monitoring of the Vendor's activities through document and billings reviews, case reviews and invoice reviews.</p>	<p>Jennifer Barrett Ongoing</p>

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Finding #3	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
		<p>TPL recoveries can be realized retroactively. The Agency has worked with the Vendor to help ensure billings are submitted in order to maximum recoveries.</p>		

Finding #4	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	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</p>	<p>We recommend that the Agency implement procedures to conduct the required data exchanges or, if determined to be inefficient, request a waiver from the Federal Government related to modified procedures for the identification of liable third parties. We also recommend that the</p>	<p>The Vendor is in the process of conducting the federally required data matches. After results are presented to the Agency, the Agency will explore a waiver from the Federal Government as appropriate. As part of the TPL Contract, the Vendor is required to submit to the Agency supporting documentation that indicates data matches have been</p>	<p>The Agency continues to monitor the collections of the Vendor and reports generated regarding data matches with carriers. The Agency and the Vendor will review the results of the federally required data matches that have been conducted by the Vendor and will request a waiver from the Federal Government as appropriate.</p>	<p>Jennifer Barrett Ongoing</p>

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Finding #4	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>should also request a waiver for modifications to related Federally-required processes.</p>	<p>Agency periodically review the TPL contractor's insurance carrier list to evaluate its sufficiency.</p>	<p>conducted. In addition, as part of its Contract, the Vendor is required to submit reports that indicate denials that have been submitted by insurance companies. The Agency will use these reports to assist in evaluating the sufficiency of the Vendor's efforts to identify liable third-parties. The Agency will also monitor collections from insurance companies.</p>		

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Finding #6	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>To ensure that amounts collected by the Agency's TPL Unit are adequately safeguarded and accurately recorded in accounting and other management records, the TPL Unit should record the initial receipt of each amount collected and reconcile amounts collected in the Unit to revenues recorded in the State's accounting records.</p>	<p>We recommend that the Agency implement procedures to ensure TPL collections are properly safeguarded and timely and accurately deposited. Such procedures should include the preparation of a listing at the initial point of collection and the performance of a reconciliation of the collections to Agency records of deposits. The reconciliations should be prepared by someone independent of the processing of TPL collections.</p>	<p>The Agency has begun to open all mail received at the Agency prior to sending to the Vendor in order to identify any checks received. The Agency logs all checks into a database prior to sending to the Vendor. The Vendor signs for all checks. The Agency verifies the amounts deposited by reviewing the Vendor's deposit logs. The Agency has conducted and will continue to conduct on-site reviews of the TPL Vendor's check processing procedure. In addition, the Vendor now has an established lockbox for which checks are directly deposited from payors. This will decrease the number of "live checks" that are received by the Vendor.</p>	<p>The Agency continues to open all mail received at the Agency prior to sending to the Vendor in order to identify any checks received. The Agency logs all checks into a database prior to sending to the Vendor. The Vendor signs for all checks. The Agency verifies the amounts have been deposited by reviewing the Vendor's deposit logs. The Agency has conducted and will continue to conduct on-site reviews of the Vendor's check processing procedure. In addition, the Vendor now has an established lockbox for which checks are directly deposited from payors (carrier billing). This has decreased the number of "live checks" that are received by the Vendor.</p>	<p>Jennifer Barrett Ongoing</p>

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Finding #7	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>Agency files did not contain sufficient information to document that fees paid for providing NET services were reasonable and did not result in a profit between State entities.</p>	<p>We recommend that the Agency retain documentation to ensure that NET contract rates are reasonable and do not result in a profit between State agencies. We also recommend that the Agency consider a contract amendment which would limit administrative costs to those which are directly related to Medicaid NET.</p>	<p>The Agency is awaiting final audited annual statements, due August 15th, that will reveal any profits realized by the CTD. Upon receipt of a certified audit report (in compliance with OMB Circular A-133), the Agency intends to review the itemized costs associated with the CTD's claimed administrative expenses. The Agency will also enter into discussions with the CTD to clarify that the CTD may use Medicaid administrative funds solely for paying for Medicaid related administrative costs and not for other, non-Medicaid related, programs. If necessary, we will amend the contract to specifically state this.</p>	<p>The Agency has received unaudited financial reports and will receive the annual audited report (OMB Circular A-133) shortly. Upon receipt, the Agency will review the itemized costs associated with the CTD's claimed administrative expenses. The Agency has clarified with the CTD that Medicaid administrative funds are for Medicaid related expenses only and not for other, non-Medicaid related, programs. The Agency currently has a draft contract amendment, awaiting final CTD approval, that clearly specifies that the CTD only use Medicaid funds for Medicaid related expenses.</p>	<p>George Douglas Harper Estimated date of completion is September 1, 2011.</p>

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Finding #8	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>The Agency's monitoring of the NET contract was not sufficient to ensure contractual compliance and evaluate the performance of the contractor and its subcontractors.</p>	<p>To ensure that Medicaid nonemergency transportation services are only provided to eligible recipients and the most cost-effective method is used, we recommend that the Agency enhance contract monitoring procedures. The monitoring efforts and results should be documented in sufficient detail to demonstrate the Agency's evaluation of contractor compliance with key provisions of the contract.</p>	<p>The Agency is currently working with the CTD to develop policies and procedures. While the CTD has not yet met this requirement, the Agency continues to work with the CTD to ensure it complies completely with this requirement. Furthermore, the Agency is developing a plan to begin monitoring within the next month, which is necessary to ensure the CTD is in complete compliance with all contractual requirements.</p>	<p>The Agency continues to work with the CTD to develop policies and procedures to ensure contract compliance and to evaluate the services provided. To date, all 35 deliverables have been submitted and 12 have been approved. Among the approved deliverables are the following: Provider Manual, Medicaid Beneficiary Manual, Subcontract, Encounter Data and Performance Measures. The Agency has engaged in on-site surveys of 2 local transportation coordinators and will conduct an on-site survey of the CTD upon completion of all policies and procedures.</p>	<p>George Douglas Harper Estimated date of completion is March 1, 2011.</p>

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Finding #9	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>The Agency needs to enhance tangible personal property (TPP) policies and procedures to ensure that the annual physical inventory is timely reconciled with property records.</p>	<p>We recommend that the Agency continue efforts to improve the timeliness of reconciliations.</p>	<p>We concur with this recommendation. Property inventory has been conducted since the audit period referenced above. During this process reconciliations for all organizational units were received within the 60 day requirement.</p>	<p>We will continue all efforts to improve efficiency and timeliness of reconciliations.</p>	<p>Cathy McEachron</p>

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Finding #10	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>The Agency needs to improve procedures to ensure TPP is timely and accurately recorded.</p>	<p>To effectively safeguard Agency assets, we recommend that the Agency continue efforts to ensure that property records are accurately and timely updated.</p>	<p>We concur with this recommendation. We are currently reviewing all property records to ensure inclusion of all required information. Additionally, desk procedures will be developed to ensure staff responsible for creating and maintaining data records have a clear understanding of information requirements.</p>	<p>Complete.</p>	<p>Cathy McEachron</p>

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Finding #11	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>The Agency has not established rules or written policies and procedures pertaining to the administration and management of the Medicaid nursing home overpayment account (Account), including specification of situations which will result in authorized withdrawals from the Account. As of March 2010, the Account contained approximately \$27.3 million.</p>	<p>We again recommend that the Agency establish rules for administration and management of the Account. The Agency should also consider establishing written policies and procedures to guide the annual reviews of the financial viability of the Account.</p>	<p>We have drafted policies and procedures to address this finding to go in effect 6/30/2010.</p>	<p>The policies and procedures were effective June 30, 2010. The Lease Bond Collections and Use spreadsheet is current as of December 31, 2010.</p>	<p>Paula Shirley 412-3820</p>

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Finding #12	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
<p>The Agency submitted an invoice to the Department of Elder Affairs (DOEA) for the Aged/Disabled Adult Services (ADA) and Assisted Living for the Frail Elderly (ALE) waivers that was not supported by information identifying the actual claims paid. According to Agency and DOEA staff this invoice was prepared and paid to prevent unspent General</p>	<p>The Agency should ensure that invoices are only prepared after it is determined that valid claims have been paid for which reimbursement is due from applicable agencies.</p>	<p>The Agency worked with other Agency staff to ensure that no claims were processed or counted more than once in the invoicing process. However, the Agency will ensure that invoices are only prepared after it is determined that valid claims have been paid for which reimbursement is due from applicable agencies. With the exception of the one invoicing period referenced in the report, the Agency has had the procedure of producing invoices for paid claims only. This policy has already been restored and is the current operations for AHCA.</p>	<p>The Agency has a procedure of producing invoices for paid claims only. This policy was restored January - March 2010 and continues to be the current operation for AHCA.</p>	<p>Tom Wallace</p>

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Finding #12	Recommendation(s)	Management Response as of July 23, 2010	Status as of January 23, 2011	Anticipated Completion Date & Contact
Revenue Fund appropriations from reverting at September 30, 2009.				