



RICK SCOTT
GOVERNOR

JUSTIN M. SENIOR
SECRETARY

September 26, 2018

Mr. Justin M. Senior, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Senior,

Enclosed is a six-month status report on the Auditor General's *Operational Audit of the Agency for Health Care Administration, Collection and Use of Medicaid Managed Care Encounter Data and Selected Administrative Activities*, Report No. 2018-172, issued March 2018. 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 Pilar Zaki, Audit Director, at 412-3986.

Sincerely,

Mary Beth Sheffield
Inspector General

MBS/szg

Enclosure: Six-Month Status Report on AG Report No. 2018-172

cc/enc: Joint Legislative Auditing Committee
Eric W. Miller, Chief Inspector General, EOG
Toby Philpot, AHCA Chief of Staff
Mallory McManus, AHCA Communications Director
Molly McKinstry, Deputy Secretary, Division of Health Quality Assurance
Jon Manalo, Deputy Secretary, Division of Operations
Scott Ward, Director of Information Technology
Beth Kidder, Deputy Secretary, Division of Medicaid



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| Finding# 1 | Recommendation | Previous Management Response(s) | Status of Finding as of September 26, 2018 | Management Response as of September 26, 2018 and Agency Contact |
|---|--|--|--|---|
| <p>Collection and Use of Medicaid Managed Care Encounter Data. Use of Medicaid Managed Care Encounter Data. The Agency could not demonstrate that it forwarded to managed care Organizations for investigation any leads or referrals related to possible acts of fraud, abuse, or overpayment based on analysis of Medicaid managed care encounter data.</p> | <p>We recommend that Agency management ensure that the MPI utilizes Medicaid managed care encounter data to identify leads related to possible acts of fraud, abuse, or overpayment in the Medicaid program, and that the MPI documents timely communication of those leads to the MCOs.</p> | <p>As explained during the audit, MPI does not typically distinguish encounter claims and fee-for-service claims for detection purposes. Encounter data is used at varying stages of project planning for determining which providers may warrant a deeper review. MPI will continue to make referrals to the Medicaid health plans, and will continue to review and improve processes for documenting and tracking the timely communication of referrals.</p> | <p>Fully Corrected</p> | <p>MPI will continue to make referrals to the Medicaid health plans, and will continue to review and improve processes for documenting and tracking the timely communication of referrals. To further support these efforts, MPI has updated its referrals internal operating procedure to ensure better tracking standards. In addition, the number of referrals made to the Medicaid health plans will be included in MPI's Annual Report.</p> <p>Kelly Bennett (HQA/MPI) (850) 412-4019</p> |

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| Finding# 2 | Recommendation | Previous Management Response(s) | Status of Finding as of September 26, 2018 | Management Response as of September 26, 2018 and Agency Contact |
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| <p>Collection and Use of Medicaid Managed Care Encounter Data. Medicaid Data Analytics Contract. The Agency’s contract for advance data analytics services to identify Medicaid fraud, abuse, and overpayments did not result in realized cost recoveries and the Agency and vendor did not take timely and adequate steps to utilize Medicaid managed care encounter data in the vendor’s data analytics. In addition, Agency records did not include sufficient documentation, such as cost-benefit analyses, to support continued contract renewals.</p> | <p>We recommend that, prior to renewal, Agency management document consideration of the cost effectiveness of applicable contracts. We also recommend that, prior to contracting for similar services in the future, Agency management establish and clearly identify vendor performance benchmarks.</p> | <p>The Agency agrees with the recommendation. The Agency agrees that procurements should require vendors to meet or exceed performance expectations to warrant payment. Throughout the contract with the data analytics vendor, the Agency refined the contract terms to improve the deliverables within the requirements of the state procurement laws.</p> | <p>Fully Corrected</p> | <p>Completed Kelly Bennett (HQA/MPI) (850) 412-4019</p> |

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| <p>Selected Administrative Activities. Accounting and Budgeting Policies and Procedures and Staff Training. As similarly noted in our report No. 2015-045, the Bureau of Financial Services (BFS) had not established sufficiently comprehensive policies and procedures or developed a BFS-specific training program to ensure staff were provided appropriate training related to the Agency’s complex accounting and budgeting tasks.</p> | <p>We recommend that BFS management continue updating policies and procedures to ensure that BFS responsibilities and unique operations are sufficiently addressed. The updated policies and procedures should promote compliance with applicable laws, rules, regulations, and accounting standards, and provide sufficient guidance to staff to ensure consistency in the event of staff turnover. In addition, we again recommend that BFS management develop a staff training program that is specifically tailored to address the complexity of the Agency’s financial operations, maintain appropriate documentation to demonstrate BFS staff attendance at training activities, and revise BFS position descriptions to specify the relevant</p> | <p><u>Policies and Procedures</u> BFS will continue to work diligently to enhance existing policies and procedures to ensure that they are comprehensive and sufficiently address our unique and complex responsibilities.</p> <p>BFS is in the beginning stages of developing a manual to serve as an additional tool that can be used to address the complexity of its operation as well as identify and catalogue all applicable laws, rules, regulations, standards, and guidance that govern the work performed by BFS. There will be sections specifically for new employees to introduce them to BFS.</p> <p>In addition, BFS invested in an independent information technology consultant to automate many of its accounting and budgetary processes. This effort, in conjunction with the written documentation, will help ensure compliance, promote consistency, and mitigate loss of knowledge due to staffing changes. The project to automate our processes was initiated during fiscal year 2014-15 and is expected to continue through fiscal year</p> | <p>Partially Corrected</p> | <p><u>Policies and Procedures</u> BFS has either developed or enhanced the following written policies and procedures:</p> <ul style="list-style-type: none"> • Florida Single Audit Act • Travel Manual • Purchasing Card Manual • Due From Federal Government • Accounts Receivable Process (as part of the new automated system) • Delinquent Accounts Write-off Process, • Encumbrance Tracking and Monitoring Process • New FLAIR Account Code Review • Medicaid Services Categories Budget Realignment • Non-Operating Budget Analysis and Monitoring • One-to-One OCA for Revenue and Disbursements Activities • Implementation of Public Assistance Cost Allocation Plan • Civil Monetary Penalty Grant Awards, • Wireless Device Personal Use Reimbursement Policy • Purchasing Card Charges Reconciliation |

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| | <p>education and experience needed to perform the Agency's complex accounting and budgeting tasks.</p> | <p>2020-21. Through the use of the consultant, BFS has documented many of its processes within its comprehensive system called Enterprise. The vendor is also responsible for providing training on each module as it is implemented.</p> <p><u>Staff Training</u> BFS has an unofficial training plan. BFS management developed a SMART goal in fiscal year 2016-17 to address staff training. To obtain the highest rating of 5, staff must participate in quarterly training as well as engage in some type of cross training. Based upon performance, the supervisor can require staff to attend a specific training to improve performance and knowledge.</p> <p>In addition, BFS provides routine guidance and training to staff through one-on-one meetings, workgroups, and staff meetings. Staff also attend meetings and workshops hosted by the Department of Financial Services (DFS) and the Executive Office of the Governor (EOG) to prepare for year-end activities as well as other ad hoc meetings to address specific or immediate needs. However, there are limitations in</p> | | <p>All of these policies and procedures are not yet in their final format, but are currently moving through the workshop and review process to receive final approval.</p> <p>BFS continues to work with the independent information technology consultant to automate our processes.</p> <p>Anticipated Date of Completion: Ongoing, but the major ones by September 2019.</p> <p><u>Staff Training</u> BFS management continues to promote and monitor its staff training through the performance expectation process. Based upon performance, the supervisor can require staff to attend a specific training to improve performance and knowledge. BFS management continues to provide guidance and training to staff through one-on-one meetings, workgroups, staff meetings, and performance review meetings. BFS staff continues to attend meetings and workshops hosted by the Department of Financial Services (DFS) and the Executive Office of the Governor (EOG) to prepare for year-end activities as well as other ad hoc assignments.</p> |

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| | | <p>attending the DFS events. Some of them are: only two employees from each agency can participate, conferencing in to the meetings is not always an option and when it is, the conversation is difficult to hear due to background noises. Because of these limitations, BFS has to employ the train-the-trainer model.</p> <p>Furthermore, it is not DFS' practice to provide certificate or proof of attendance for events they host. BFS will, however, work to improve documentation of staff attendance for internal meetings and workshops and will continue to look for training opportunities for all level staff.</p> <p><u>Position Descriptions</u> The adoption of a broadband classification system by the State eliminated minimum qualifications including education and experience requirements. Therefore, unless statutes explicitly require educational requirements, BFS cannot make education a qualifying condition of employment.</p> | | <p>However, due to limitations set by DFS, the number of BFS staff who can attend DFS-hosted events is still limited. Based upon supervisors' requests, BFS management has created a FLAIR and other financial systems training. The purpose of this training is to provide staff with a refresher course on FLAIR basic account codes and how to use our unique financial systems to gather needed financial data. This is the first of many trainings we plan to host for BFS staff.</p> <p>BFS has worked to improve its documentation of staff attendance at internal meetings, workshops, and trainings.</p> <p>Anticipated Date of Completion: Ongoing</p> <p><u>Position Descriptions</u> BFS management has identified the minimum qualifications for each position that falls under their purview and will be discussing this further with HR.</p> <p>BFS management has also identified state and federal statutes that pertains to the Bureau's duties and responsibilities and</p> |

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| | | <p>There are no educational requirements explicitly stated in statutes for any of the positions in BFS. However, each position has minimum qualifications that are based upon the occupation profile. The minimum qualifications, in accordance with Agency policy, are included in all advertisements along with the duties and responsibilities of that position. During the interview process, BFS is proactive by providing the candidate with a true depiction of the job's complexity and describing the needed skill sets to be successful. Work samples are based upon real Agency scenarios to give the candidate a true impression of the duties.</p> <p>Because the position description serves as the official record of the duties and responsibilities assigned to a position and used to officially classify a position, BFS after speaking with the Agency's Human Resource Classification Manager believes that the position descriptions are adequate as written because there are no education and experience requirements. However, BFS will work with the Agency's Human Resource Classification Manager to add the</p> | | <p>will be updating all position descriptions to reflect these laws.</p> <p>Anticipated Date of Completion: February 2019</p> <p>Anita B. Hicks (Operations/BFS) (850) 412-3815</p> |

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| | | minimum qualifications to the position descriptions. Section 9 of the position descriptions will be updated to reflect job-related requirements based upon the occupation profile. | | |

| Finding# 4 | Recommendation | Previous Management Response(s) | Status of Finding as of September 26, 2018 | Management Response as of September 26, 2018 and Agency Contact |
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| <p>Selected Administrative Activities. Accounting Transactions. BFS controls continue to need enhancement to ensure that accounting transactions are properly approved and timely and accurately recorded in Agency financial records.</p> | <p>We again recommend that BFS management ensure that sufficient documentation is maintained to support the timeliness and approval of all Agency accounting transactions. We also recommend that BFS management take appropriate actions to improve the accuracy and timeliness of FLAIR accounting transactions.</p> | <p>To ensure that payments are processed timely, BFS has implemented an invoice-tracking log to ensure the timely processing of invoices. In addition, BFS implemented the use of a MyFloridaMarketplace (MFMP) Secure Report entitled "Invoice Reconciliation (IR) Last Approver." This report is sorted by the IR submit date (oldest from newest) to ensure that IRs are processed on a First In/First Out (FIFO) basis. Staff also uses this report to track pending IRs that may have pending issues that are preventing payments to ensure they are processed timely.</p> | <p>Fully Corrected</p> | <p>BFS management has implemented an invoice tracking log and the use of a MFMP Invoice Reconciliation Report to ensure that payments are processed in a timely manner as required by state statutes. In addition, BFS management routinely reviews its processes in search of opportunities for improvement and as a result, developed an encumbrance report which is another tool used to track and monitor payment activity.</p> <p>Anita B. Hicks (Operations/BFS) (850) 412-3815</p> |

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| | | <p>Since the implementation of these processes, BFS has obtained 100 percent compliance rate with zero invoices exceeding twenty days; ranking the Agency at number one out of thirty-two reporting agencies. With the timely processing of invoices, BFS has reduced the payment of interest to vendors to zero.</p> <p>BFS will continue to monitor this process to ensure that best practices are being implemented. BFS is also working with an independent consultant to determine the feasibility of creating an automated Invoice Management system and incorporating it into the existing Enterprise system, which is currently used by BFS for its day-to-day operations.</p> | | |

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| Finding# 5 | Recommendation | Previous Management Response(s) | Status of Finding as of September 26, 2018 | Management Response as of September 26, 2018 and Agency Contact |
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| <p>Selected Administrative Activities. Purchasing Card Controls. The Agency did not always timely cancel purchasing cards upon a cardholder's separation from Agency employment.</p> | <p>We recommend that Agency management ensure that purchasing cards are promptly canceled upon a cardholder's separation from Agency employment.</p> | <p>In cancelling purchasing cards (PCards), the Bureau of Financial Services (BFS) relies on the Bureau of Human Resources' system called Transfer Promotion Separation (TPS). This system provides notification that a cardholder has separated from the Agency. This is currently being updated and will later be known as CRM (Customer Response Management) TPS system. To timely cancel the PCard upon a cardholder's separation from Agency employment, BFS has implemented the following process:</p> <ul style="list-style-type: none"> • The PCard Administration's inbox (PCardAdmin@ahca.myflorida.com), a multi-user email account, will be used to assist with daily monitoring of emails received. • The new CRM TPS system will email the PCard Administration's inbox for any separation, internal move, or cancellation. • A shared calendar specifically for tracking separation notifications has been created by the PCard Administrator (PCA). | <p>Fully Corrected</p> | <p>The Customer Response Management (CRM) Transfer Promotion Separation (TPS) system is now operational and is the system that notifies BFS' staff of personnel separation action. As stated in the previous management response, BFS has implemented several processes to ensure that PCards are promptly canceled. The following are some of the updates and enhancements:</p> <ul style="list-style-type: none"> • The CRM TPS system currently sends notifications to the PCard Administration's inbox for any separations, internal moves, or cancellations. • A tickler has been set for each separation on the shared calendar. The PCard Administration's inbox receives an alert one day before the employee's separation from the Agency. These notifications are then moved into a sub-folder in Outlook entitled "Policy HR Action Notifications." This will remind the PCA and the back-up PCA to deactivate the cardholder's account in the PCard module in FLAIR. To further enhance |

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| | | <ul style="list-style-type: none"> • A tickler has been set for each separation on this shared calendar. The PCard Administration’s inbox will receive an alert one day before the employee’s separation from the Agency. This will remind the PCA and the back-up PCA to deactivate the cardholder’s account in the PCard module in FLAIR. • The PCA and the back-up PCA will be required to coordinate their leave requests to ensure timely deactivation of accounts. • The back-up PCA will be responsible for performing the duties associated with the primary PCA position during an absence or vacancy. • A PCard manual that covers the common processes included in the PCA’s duties will be available as a reference for the back-up PCA. <p>BFS will continue to monitor this process to ensure that best practices are being implemented.</p> | | <p>the process, effective October 1, 2018, the PCA will update the calendar notification to include a snippet of the deleted Person Entry (PE) file from the PCard module.</p> <p>Anita B. Hicks (Operations/BFS) (850) 412-3815</p> |

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| | | The two additional security review processes will be in place by June 30, 2018. | | <p>employment termination information; therefore, the Agency is performing an on-going desk audit to verify changes in employment status.</p> <p>On August 29, 2018, the Agency initiated the periodic security review process of FMMIS roles and access privileges.</p> <p>Cheryl A. Travis (Medicaid/MFAO) (850) 412-3416</p> |