



RON DESANTIS
GOVERNOR

MARY C. MAYHEW
SECRETARY

September 27, 2019

Ms. Mary C. Mayhew, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Mayhew,

Enclosed is a six-month status report on the Auditor General's *State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards*, Report No. 2019-186, issued March 2019. 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,

for Mary Beth Sheffield
Inspector General

MBS/szg

Enclosure: Six-Month Status Report on AG Report No. 2019-186

cc/enc: Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General, EOG
Toby Philpot, AHCA Chief of Staff
Mallory McManus, AHCA Communications Director
Beth Kidder, Deputy Secretary, Division of Medicaid
Molly McKinstry, Deputy Secretary, Division of Health Quality Assurance
Pilar Zaki, Audit Director, Office of the Inspector General



**Florida Agency for Health Care Administration
Auditor General FY 2017-18 Federal Awards Audit (Report# 2019-186)
Six-Month Status Report as of September 27, 2019**

| Finding# 2018-028 | Recommendation | Previous Management Response(s) | Status of Finding as of September 27, 2019 | Management Response as of September 27, 2019 and Agency Contact |
|---|---|---|--|---|
| <p>The FAHCA terminated the contract with a private vendor designated as a Quality Improvement Organization (QIO) for numerous contract compliance issues, including the failure to deny a single prior authorization request for behavior analysis services. Consequently, the FAHCA paid an unknown number and amount of unallowable behavior analysis services claims to providers of Medicaid services.</p> | <p>We recommend that the FAHCA ensure that behavior analysis services claims are appropriately authorized and paid in accordance with the Policy and Medicaid Fee Schedules. We also recommend that the FAHCA determine the amount of unallowable behavior analysis services claims paid, if any.</p> | <p>The FAHCA has engaged in a number of activities to ensure that behavior analysis services are appropriately authorized and paid in accordance with the coverage policy and fee schedule. In addition to contracting with a new utilization management vendor, the FAHCA also implemented several system edits to enforce policy limits and has engaged in extensive monitoring of providers.</p> <p>In regard to the amount of any unallowable claims, this is an ongoing effort through the Bureau of Medicaid Program Integrity which is pursuing overpayments from providers. The FAHCA has returned the federal matching portion for any amounts that have been recovered through our monitoring efforts to date. As such, we believe that any unallowable funds paid during this time period have already, or are in the process of, being returned to the federal government, and the Agency will continue to do as more overpayments are collected.</p> | <p>Partially Corrected</p> | <p>FAHCA continues to engage in activities to ensure that behavior analysis services are appropriately authorized and paid in accordance with the coverage policy and fee schedule.</p> <p>As indicated in our previous response, in regard to the amount of any unallowable claims, this is an ongoing effort through the Bureau of Medicaid Program Integrity which is pursuing overpayments from providers. The FAHCA has returned the federal matching portion for any amounts that have been recovered through our monitoring efforts to date. As such, we believe that any unallowable funds paid during this time period have already, or are in the process of, being returned to the federal government, and the Agency will continue to do as more overpayments are collected.</p> <p>Shevaun Harris (850) 412-4264</p> |

Florida Agency for Health Care Administration
Auditor General FY 2017-18 Federal Awards Audit (Report# 2019-186)
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| Finding# 2018-029 | Recommendation | Previous Management Response(s) | Status of Finding as of September 27, 2019 | Management Response as of September 27, 2019 and Agency Contact |
|---|--|--|--|---|
| <p>The FAHCA did not adequately ensure that the service organization's internal controls related to the invoicing, collecting, and reporting of drug rebates were appropriately designed and operating effectively.</p> | <p>We recommend that the FAHCA ensure the service organization internal controls related to the invoicing, collecting, and reporting of drug rebates are appropriately designed and operating effectively.</p> | <p>The contract between FAHCA and the service organization has been amended. The amendment requires the service organization to obtain an SSAE-18 Audit Report in SFY 2018-19. The SSAE-18 Audit Report will ensure that the service organization's internal controls related to the invoicing, collecting, and reporting of drug rebates are appropriately designed and operating effectively.</p> <p>Anticipated Completion Date: May 31, 2019</p> | <p>Partially Corrected</p> | <p>The contract between FAHCA and the service organization has been amended. The amendment required the service organization to obtain SSAE-18 Audit Reports (SOC 1 Type 1 and SOC 1 Type 2) to ensure that the service organization internal controls related to invoicing, collecting and reporting of drug rebates are appropriately designed and operating effectively. The service organization submitted the SSAE-18 (SOC 1 Type 1) Report to FAHCA on May 31, 2019. The service organization is also required to submit an SSAE-18 (SOC 1 Type 2) Report to FAHCA by August 15, 2020 and subsequent years as stated in the amendment. The SOC 1 Type 1 ensured that the design of the internal controls was appropriate. The SOC 1 Type 2 will ensure that this design is reviewed, and the controls are tested. The SOC 1 Type 2 Report due on August 15, 2020 will fully correct this finding.</p> <p>Paula McKnight Robinson (850) 412-4156</p> |

Florida Agency for Health Care Administration
Auditor General FY 2017-18 Federal Awards Audit (Report# 2019-186)
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| Finding# 2018-030 | Recommendation | Previous Management Response(s) | Status of Finding as of September 27, 2019 | Management Response as of September 27, 2019 and Agency Contact |
|--|---|--|--|--|
| <p>The FAHCA made payments to ineligible Medicaid Program providers.</p> | <p>We recommend that the FAHCA ensure that Medicaid payments are made only to providers with a Medicaid Provider Agreement in effect.</p> | <p>The FAHCA created two Florida Medicaid Management Information System (FMMIS) change requests to ensure that all Medicaid providers (including out-of-state providers performing emergency services) have an active and signed Medicaid Provider Enrollment Agreement on file before a Medicaid payment is issued. Change request number CSR3265 "Out-of-State Provider Renewal" will modify FMMIS to prompt currently enrolled out-of-state providers to renew their provider enrollment agreement and modify the Florida Medicaid Provider web portal to allow out-of-state providers to renew their provider enrollment agreement online. In addition, change request number CSR3259 "Bypassed Providers for Renewal" will ensure that no Medicaid provider is bypassed for provider enrollment renewal regardless of prior renewal requirement status.</p> <p>Anticipated Completion Date: June 30, 2019</p> | <p>Partially Corrected</p> | <p>The FAHCA created two Florida Medicaid Management Information System (FMMIS) change requests to ensure that all Medicaid providers (including out-of-state providers performing emergency services) have an active and signed Medicaid Provider Enrollment Agreement on file before a Medicaid payment is issued.</p> <p>Change request number CSR3265 "Out-of-State Provider Renewal" was implemented August 22, 2019. It modified the FMMIS to prompt currently enrolled out-of-state providers to renew their provider enrollment agreement and modified the Florida Medicaid Provider web portal to allow out-of-state providers to renew their provider enrollment agreement online.</p> <p>In addition, change request number CSR3259 "Bypassed Providers for Renewal" will ensure that no Medicaid provider is bypassed for provider enrollment renewal regardless of prior renewal requirement status.</p> <p>Anticipated Completion Date for CSR3259: October 10, 2019</p> <p>Cheryl Travis (850) 412-3416</p> |

Florida Agency for Health Care Administration
Auditor General FY 2017-18 Federal Awards Audit (Report# 2019-186)
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| Finding# 2018-032 | Recommendation | Previous Management Response(s) | Status of Finding as of September 27, 2019 | Management Response as of September 27, 2019 and Agency Contact |
|---|--|--|--|--|
| <p>The FAHCA computer system used to store all Medicaid Program Integrity (MPI) complaints and cases, the Fraud and Abuse Case Tracking System (FACTS), did not appear to store all complaints received and cases established during the 2017-18 fiscal year.</p> | <p>We recommend that the FAHCA ensure that all complaints received, and cases established are appropriately documented in FACTS through sequential complaint and case numbers and that the reasons for missing complaint and case numbers, if any, are appropriately documented.</p> | <p>MPI will revisit the issue with FAHCA IT and/or the vendor to request additional programming to finally resolve the FACTS issue and periodically repeat user training with staff to inform users to immediately enter required fields only and save when opening a complaint or case, then continue to proceed.</p> <p>Anticipated Completion Date: August 31, 2019</p> | <p>Fully Corrected</p> | <p>Our solution is staff training on how to avoid the skipping of complaint and case numbers in FACTS. When FACTS is eventually replaced, the new system will be thoroughly tested to avoid a similar problem.</p> <p>Fred Becknell (850) 412-4554</p> |