



RON DESANTIS
GOVERNOR

JASON WEIDA
SECRETARY

HLAC received 9-29-23

September 29, 2023

Jason Weida, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Weida,

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. 2023-174, issued March 2023. 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 Karen Preacher, Audit Director, at 412-3968.

Sincerely,

Brian P. Langston
Inspector General

BPL/sgb

Enclosure: Six-Month Status Report on AG Report No. 2023-174

cc: Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General, EOG
Tom Wallace, Deputy Secretary, Health Care Finance and Data
Austin Noll, Deputy Secretary, Medicaid Policy, Quality, and Operations
Karen Preacher, Audit Director




Florida Agency for Health Care Administration
Auditor General FY 2021-22 Federal Awards Audit (Report# 2023-174)
Six-Month Status Report as of September 29, 2023

Finding# 2022-001	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
The FAHCA did not record for financial statement reporting purposes all fiscal year-end net receivables and related unavailable revenue for the Medicaid Drug Rebate Program (MDRP). Additionally, the FAHCA incorrectly recorded unavailable revenue as grants and donations.	We recommend that FAHCA management enhance year-end financial reporting controls to ensure that all required accounting entries for MDRP receivables and related unavailable revenue are correctly recorded to the State's financial statements.	FAHCA concurs with the recommendation. The Policy & Systems Section within the Bureau of Financial Services will involve Revenue Management staff in the financial statement reporting process, will fill vacant positions, and will update its current procedures to include a detailed checklist for financial statement purposes.	Partially Corrected	<p>Partial corrective action has been taken regarding the involvement of additional staff such as Revenue Management and the enhancement of our current procedures related to financial statements. Unfortunately, vacancies have increased and there appears to be less interest in qualified individuals applying for state positions due to the private sector's increased flexibility, pay, and improved benefit packages. A second round of interviews has been held and qualified applicants have been selected. The selected applicants started on September 15, 2023.</p> <p>Elizabeth Wade (850) 412-3692</p>

Florida Agency for Health Care Administration
 Auditor General FY 2021-22 Federal Awards Audit (Report# 2023-174)
 Six-Month Status Report as of September 29, 2023

Finding# 2022-035	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
Certain security controls related to user authentication for the Florida Medicaid Management Information System (FMMIS) need improvement to ensure the confidentiality, integrity, and availability of FMMIS data and related information technology (IT) resources.	We recommend that FAHCA management improve certain security controls related to FMMIS user authentication to ensure the confidentiality, integrity, and availability of FMMIS data and related IT resources.	The FAHCA concurs that appropriate user authentication controls for FMMIS are necessary to decrease the risk that unauthorized individuals may gain access to the system and compromise the confidentiality, integrity, and availability of FMMIS data and related IT resources.	Not Corrected	<p>FMMIS Medicaid Enterprise User Provisioning System (MEUPS) does not support MFA (Multi Factor Authentication)</p> <p>The recommended functionality is not supported by the current FMMIS provisioning system. The functionality are tasks in each new module vendor's work plans.</p> <p>The recommended security controls are requirements of the Agency's new Florida Health Care Connection (FX) System and Single Sign On platform. Integration is expected to start at the end of 2023 and be complete by the end of 2025.</p> <p>Elizabeth Wade (850) 412-3692</p>

Florida Agency for Health Care Administration
Auditor General FY 2021-22 Federal Awards Audit (Report# 2023-174)
Six-Month Status Report as of September 29, 2023

Finding# 2022-049	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
The FAHCA did not provide required subaward information to its subrecipient or report subaward information required by the Federal Funding Accountability and Transparency Act (FFATA) in the FFATA Subaward Reporting System (FSRS).	We recommend that FAHCA management ensure that required subaward information is provided to the subrecipient and that all applicable CHIP subawards are reported in the FSRS in accordance with Federal regulations.	The FAHCA is in concurrence. The Grants Management Section within the Bureau of Financial Services has added the FFATA reporting process to the calendar of events to ensure that the required subaward information is provided to the subrecipient. In addition, the Projects and Process Improvement Unit within the Bureau of Medicaid Policy is currently updating the CHIP Federal Subaward process which will ensure that the applicable subaward is reported in the FSRS in accordance with federal regulations.	Fully Corrected	<p>Please see the following inserted document which reflects the FFATA report and is included for supporting documentation purposes.</p> <div> 2023-FSRS-FFATA Submission.pdf</div> <p>Elizabeth Wade (850) 412-3692</p>

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Finding# 2022-051	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
The FAHCA did not check all required Federal databases to confirm the identity of providers upon enrollment and reenrollment.	We recommend that the FAHCA configure FMMIS to check the SSA DMF and NPPES upon provider enrollment and reenrollment in accordance with Federal regulations.	The FAHCA concurs that the FMMIS must be configured to check the SSA DMF and NPPES upon provider enrollment and reenrollment in accordance with Federal regulations.	Not Corrected	<p>FMMIS has not been configured to perform the required SSA Death Master File (DMF) and NPPES checks.</p> <p>NPPES Checks: The fiscal agent provider enrollment staff manually check the NPPES data during provider renewal and record the result in the providers' files when providers renew their Medicaid enrollment. Currently, the FMMIS systematically interrogates the NPPES database when providers are initially enrolled. Change orders have been opened to modify FMMIS to perform systematic checks monthly NPPES checks for ALL active providers, those with application in process and those providers in renewal, and to record the results for RBS reporting. Due to competing system resources, coding has not yet begun, but the change orders are under analysis.</p> <p>DMF Checks: Currently, FMMIS is not performing checks against the SSA DMF during provider enrollment or re-enrollment. Resolving this finding will be accomplished in two phases. Phase I: Modify FMMIS to receive the SSA DMF file. This phase is actively in process. The certification paperwork required by NTIS to receive the DMF is being finalized by the Agency. The change orders to receive the file and store the file data are in process by the fiscal agent Gainwell Technologies. Phase II: Perform weekly checks against the DMF for ALL active providers, those with application in process and those providers in renewal, and to record the results for RBS reporting. Change orders have been opened for this work.</p> <p>Elizabeth Wade (850) 412-3692</p>

Florida Agency for Health Care Administration
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Finding# 2022-053	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
FAHCA State match contributions were not always supported by appropriate records, nor were related calculations always accurate or reviewed by management.	We recommend that FAHCA management enhance policies and procedures to ensure that all matching contribution calculations and amounts are subject to supervisory review and supported by appropriate documentation.	The FAHCA concurs with the recommendation. The Grants Management Section within the Bureau of Financial Services will update the current procedures by incorporating procedural changes and a supervisory review. In addition, the desktop procedures will be updated to include the appropriate file location and naming convention for all relative supporting documentation so it can be easily located and provided to requestors as well as for research purposes.	Partially Corrected	Partial corrective action has been taken. A management review step has been added to the related process. In addition, the Grants Management Section is in the process of standardizing the naming convention of the files and saving all necessary documents to the appropriate network folder. However, due to a staffing shortage and other competing priorities, this has not been completed at this time. Elizabeth Wade (850) 412-3692

Florida Agency for Health Care Administration
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Finding# 2022-054	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
The FAHCA did not ensure that all external quality review activities were performed in accordance with Federal requirements.	We recommend that the FAHCA continue efforts to complete the 3-year comprehensive compliance review by the end of the established review period to ensure compliance with Federal regulations.	The FAHCA is in concurrence. The final federal compliance review tools and the draft timeline was submitted to CMS on February 7, 2023. The FAHCA agrees to continue efforts to ensure compliance and is on track to complete the three-year compliance review by the end of the review period. The three-year compliance review period began in January 2022 and will end in December 2024.	Fully Corrected	Using a standardized tool developed by our contracted External Quality Review Organization (EQRO), the FAHCA completed a full compliance review of all health plans on June 27, 2023. A combination of desk reviews, interviews, and virtual site visits were used. Plan specific results will be provided to the EQRO for inclusion in the upcoming Annual Technical Report. In addition, the FAHCA will continue routine monitoring to ensure any deficiencies are corrected with each plan. The FAHCA agrees to continue efforts to ensure compliance. Elizabeth Wade (850) 412-3692

Florida Agency for Health Care Administration
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Finding# 2022-055	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
The FAHCA did not always ensure that an independent audit of the accuracy, truthfulness, and completeness of encounter data for each health plan was conducted at least once every 3 years nor post the results of financial audits to its Web site.	We recommend that FAHCA management establish policies and procedures requiring an EDV study for each health plan at least every 3 years to ensure the accuracy, truthfulness, and completeness of encounter data and post the results of financial audits on its Web site.	The FAHCA is in concurrence. FAHCA is working internally on developing the policies and procedures to ensure that the accuracy, truthfulness, and completeness of encounter data is validated at least once every three years for each plan, during the next three-year cycle (SFY 22/23 - SFY 24/25).	Partially Corrected	<p>The FAHCA is in concurrence. FAHCA developed policies and procedures to ensure that the accuracy, truthfulness, and completeness of encounter data is validated at least once every three years for each plan, during the next three-year cycle (SFY 22/23, SFY23/24, SFY 24/25).</p> <p>For the SFY 22-23 encounter data validation (EDV) study, the EQRO evaluated the FAHCA long-term care (LTC) encounter data for truthfulness, completeness, and accuracy by conducting a comparative analysis and LTC record and plan of care document review. The FAHCA ensured the EDV study results were posted to the website on August 14, 2023.</p> <p>Elizabeth Wade (850) 412-3692</p>

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Finding# 2022-056	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
The FAHCA did not obtain from health plans a report that included all MLR information required by Federal regulations.	We recommend that the FAHCA update the ASR Financial Report template to ensure that the ASR Financial Report obtained from each MCO, PIHP, and PAHP includes all the MLR information required by Federal regulations.	The FAHCA is in concurrence. The Bureau of Medicaid Program Finance (MPF) Financial Monitoring section oversees the reporting of the MLR by contracted plans as well as the Achieved Savings Rebate (ASR). The Agency does not have a standalone Medical Loss Ratio (MLR) report; however, it does have an ASR Financial Report which includes MLR information. Quarterly ASR reports, which contain a tab dedicated to the reporting of the MLR, are submitted to the Agency by the contracted health plans. The Financial Monitoring section analyzes the information provided and creates an annual report. The annual report is submitted to Medicaid Policy management for review prior to submission to CMS. ASR Financial Reports are completed on a calendar year basis.	Fully Corrected	FAHCA added Medical Loss Ratio (MLR) Credibility Adjustment to the Achieved Savings Rebates (ASR). Corrective action was completed on March 30, 2023. Elizabeth Wade (850) 412-3692

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Finding# 2022-057	Recommendation	Previous Management Response(s)	Status of Finding as of September 29, 2023	Management Response as of September 29, 2023 and Agency Contact
The FAHCA's confidentiality agreement with its fiscal agent did not include required elements in accordance with the NCCI Technical Guidance Manual for Medicaid Services.	We again recommend that the FAHCA amend its current fiscal agent contract confidentiality agreement to include the elements required by the NCCI Technical Guidance Manual for Medicaid Services.	The FAHCA concurs that FAHCA's confidentiality agreement with our fiscal agent did not include required elements in accordance with the NCCI Technical Guidance Manual for Medicaid Services.	Fully Corrected	<p>The FAHCA has awarded the Florida Health Care Connections (FX) contract which will process Medicaid Fee-for-Service Claims and Managed Care Encounters. This contract has been awarded and has been executed. The contract contains the following language pertaining to NCCI: "The Core Solution shall provide and maintain configurable reference data to support complex business rules utilized for claim adjudication, provide the most up-to-date and complete NCCI edit definitions with clear descriptions for submitters to resolve issues, and deliver a detailed and efficient UI for the full display and visibility of claims details, including but not limited to, rules processed and claim value associated with the rule".</p> <p>Elizabeth Wade (850) 412-3692</p>