



**State of Louisiana**  
Louisiana Department of Health  
Office of Management and Finance

July 31, 2020

The Honorable Jerome Zeringue, Chairman  
Louisiana State House of Representatives  
House Appropriations Committee  
P.O. Box 44486, Capitol Station  
Baton Rouge, LA 70804

The Honorable Mack "Bodi" White, Chairman  
Louisiana State Senate  
Senate Finance Committee  
P.O. Box 94183, Capitol Station  
Baton Rouge, LA 70804

The Honorable Larry Bagley, Chairman  
Louisiana State House of Representatives  
House Health and Welfare Committee  
P.O. Box 44486, Capitol Station  
Baton Rouge, LA 70804

The Honorable Fred H. Mills, Chairman  
Louisiana State Senate  
Senate Health and Welfare Committee  
P.O. Box 94183, Capitol Station  
Baton Rouge, LA 70804

Dear Honorable Chairs:

RE: Louisiana Department of Health – Audit Update Report

The Louisiana Department of Health (LDH) is audited by a number of external oversight bodies, including: the Louisiana Legislative Auditor (LLA), the Office of Inspector General (OIG), the Centers for Medicare and Medicaid Services (CMS) and the Internal Revenue Service (IRS). The following report outlines both ongoing audits and audits completed within the past twelve months. The majority of LDH audits are performed by the LLA, who conducts performance audits, financial audits, and investigative audits. LLA also has a Medicaid Audit Unit (MAU) whose audits are a hybrid of performance and financial audits. The report has been issued in the past on an irregular schedule. Beginning with this report, the report will be issued on a quarterly basis by the last day of the month following the end of the quarter. There is limited change in the report from one month to the next. A quarterly report will still provide for regular updates on the audit activity but will reduce the amount of staff effort necessary to produce monthly reports which reflect little change from one report to the next. The next report will be issued in October 2020.

Typically, the audit process consists of three stages: planning, fieldwork, and reporting.

An audit is indicated as in the planning stage when LDH receives an email, announcement letter, or notification that an audit is to occur. Initial meetings are then conducted with the auditors to discuss the upcoming audit. The fieldwork stage includes when the auditors are in the process of auditing, e.g., conducting interviews, testing controls, and gathering data. Finally, the reporting stage includes when LDH meets with the auditors to discuss any findings, review a draft report, or prepare a management response, leading to a final report.

Each year, LLA issues a comprehensive financial audit for the previous state fiscal year. In the most recent one issued on March 26, 2020, the LLA reported thirteen findings for LDH for SFY 2019. Six of those findings

were deemed to be repeat findings from the previous year's Single Audit. Details regarding these Single Audit findings are provided in the "Completed Audits" section of this report.

The ongoing and completed financial and programmatic audits performed by the various external auditing bodies are summarized below.

### **Audits in Progress**

#### **State Audits**

##### 1. LLA Performance – OPH Follow-up Audits

- *Description:* LLA will be performing audit follow-up procedures on the following previously issued OPH audits:
  - *Special Supplemental Nutrition Program for Women, Infants and Children (WIC)* - Issued November 20, 2013.
  - *Safe Drinking Water Program* - Issued August 10, 2016.
- *Status:* Varies. Fieldwork for WIC audit, Planning for Safe Drinking Water.
- *Anticipated End Date:* 4<sup>th</sup> Quarter 2020 for WIC and 1<sup>st</sup> Quarter 2021 for Safe Drinking Water.

##### 2. LLA MAU – Louisiana Medicaid Eligibility and Lottery Winnings

- *Description:* Due to the 2018 regulation regarding counting of lottery winnings for Medicaid MAGI based eligibility determinations and as part of LLA's required eligibility work, LLA received data from the Louisiana Lottery Corporation and compared that data to Medicaid data in order to identify Medicaid recipients with lottery winnings \$80,000 and greater on or after January 1, 2018.
- *Status:* Fieldwork.
- *Anticipated End Date:* August 2020.

##### 3. LLA Performance – OBH - Worker Misclassification by Providers of Behavioral Health Services in Medicaid

- *Description:* LLA will analyze employment practices of behavioral health providers as they relate to classification of workers as 1099 contractors or w-2 employees to determine appropriateness of such employment relationships.
- *Status:* Fieldwork.
- *Anticipated End Date:* October 2020.

##### 4. LLA Performance – Non-Emergency Medical Transportation (NEMT) Follow-Up Audit

- *Description:* LLA will be performing audit follow-up procedures on a previously issued audit from 2015 on the NEMT Program. NEMT responsibility has shifted to the MCOs since the original report was issued.
- *Status:* Fieldwork.
- *Anticipated End Date:* Fieldwork on this audit, previously on hold, has restarted per LLA. Anticipated end date for this audit is currently uncertain per LLA and depends on LDH response timelines.

##### 5. LLA Investigative – Medicaid Eligibility Audit on Specific Individuals

- *Description:* This investigative audit is being conducted by the LLA Investigative Unit to determine if certain Medicaid recipients provided false information to obtain benefits. This audit may result in multiple reports on multiple individuals.
- *Status:* Fieldwork. Some reports on individuals have been issued, other audits are ongoing.
- *Anticipated End Date:* Ongoing.

6. LLA Performance – Behavioral Health Providers Billing 12+ Hours of PSR/CPST in One Day Audit

- *Description:* LLA is determining compliance with Act 370 of the 2019 regular session, which limits rendering behavioral health providers to 12 hours of combined PSR and CPST services in a day.
- *Status:* Fieldwork.
- *Anticipated End Date:* The end date of this audit is uncertain per LLA and depends on LDH response timelines.

7. LLA – FY 2020 LDH Management Letter/Single Audit

- *Description:* As a part of LLA's audit of the State of Louisiana's Comprehensive Annual Financial Report (CAFR) and the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2020, LLA will perform procedures at the Louisiana Department of Health (LDH), including the Office of Public Health (OPH), to provide assurances on financial information that is significant to the state's CAFR; evaluate the effectiveness of LDH's internal controls over financial reporting and compliance; and determine whether LDH complied with applicable laws and regulations. In addition, LLA will determine whether management has taken actions to correct the findings reported in the prior year.
- *Status:* Fieldwork.
- *Anticipated End Date:* Management Letter and Single Audit – March 2021.

8. LLA (MAU) – Medicaid Utilization

- *Description:* The LLA audit objective is to review data related to utilization in managed care.
- *Status:* N/A.
- *Anticipated End Date:* Project is on hold by LLA, Issue Date TBD.

9. LLA Performance – LDH/LPSC Water Rates in Louisiana Follow-Up Audit

- *Description:* LLA will be performing audit follow-up procedures on a previously issued audit from 2017 on Water Rates in Louisiana.
- *Status:* N/A
- *Anticipated End Date:* Reporting for this audit is on hold per LLA.

10. LLA Performance – Billing by Providers of Behavioral Health Services Indicating Services from Multiple Providers in a Day

- *Description:* LLA will analyze providers' billing patterns that may indicate issues with providing quality of care such as billing for services provided in more than one location on the same day.
- *Status:* N/A
- *Anticipated End Date:* This audit is on hold per LLA.

## Federal Audits

11. CMS – Louisiana Medicaid Eligibility Determinations for the Expansion Population

- *Description:* This audit will determine whether the Louisiana Department of Health determined Medicaid eligibility for modified adjusted gross income (MAGI)-eligible adult beneficiaries in accordance with Federal and state eligibility requirements, and claimed the appropriate Federal Medical Assistance Percentage (FMAP) on behalf of these beneficiaries. Other objectives include identifying and assessing the impact of any changes to Medicaid eligibility policy due to the Affordable Care Act (ACA) and determining whether non-expansion enrollment categories were impacted by the

expansion enrollment process complied with Federal and State requirements for determining Medicaid eligibility determinations for beneficiaries under the new adult group (aka Medicaid expansion population) made under the Patient Protection and Affordable Care Act (PPACA).

- *Status:* Reporting.
- *Anticipated End Date:* August 2020.

#### 12. OIG – Medicaid Expansion Eligibility

- *Description:* This audit will determine whether the Louisiana Department of Health complied with Federal and State requirements for determining Medicaid eligibility determinations for beneficiaries under the new adult group (aka Medicaid expansion population) made under the Patient Protection and Affordable Care Act (PPACA).
- *Status:* Reporting.
- *Anticipated End Date:* August 2020.

#### 13. OIG – NOW Waiver Critical Incidents

- *Description:* This audit will determine whether the LDH complied with Federal waiver and State requirements for reporting and monitoring critical incidents involving Medicaid beneficiaries with developmental disabilities residing in community-based settings. This audit will specifically focus on the NOW waiver.
- *Status:* Fieldwork.
- *Anticipated End Date:* September 2020.

#### 14. OIG – Balancing Incentive Payments Program (BIPP)

- *Description:* The objective of the audit will be to determine whether Louisiana spent the additional BIPP Federal funding to provide new or expanded offerings of community-based long-term services and supports in accordance with Federal requirements.
- *Status:* Fieldwork.
- *Anticipated End Date:* September 2020.

#### 15. OIG – State Targeted Response to the Opioid Crisis Grants (STR) and the State Opioid Response Grants (SOR)

- *Description:* The objective of the audit will be to determine how Louisiana implemented programs under the STR and SOR grants and whether the activities of these agencies and their sub-recipients responsible for implementing the programs complied with Federal regulations and met program goals. The Office of Behavioral Health (OBH) will be the agency responding to this audit.
- *Status:* Fieldwork.
- *Anticipated End Date:* November 2020.

#### 16. USDA – Financial Management Review of the Women, Infants and Children (WIC) Program

- *Description:* USDA will be conducting an on-site Financial Management Review (FMR) of the OPH (WIC) Program. The purpose of the FMR is to evaluate agency operations for compliance with established program and financial policies, regulatory requirements and quality standards.
- *Status:* Fieldwork. USDA is considering data and has extended its review.
- *Anticipated End Date:* August 2020.

## Completed Audits

### State Audits

#### 1. LLA – FY 2019 LDH Management Letter/Single Audit

- *Description:* As a part of LLA's audit of the State of Louisiana's Comprehensive Annual Financial Report (CAFR) and the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2019, LLA performed procedures at the Louisiana Department of Health (LDH), including the Office of Public Health (OPH), to provide assurances on financial information that is significant to the state's CAFR; evaluate the effectiveness of LDH's internal controls over financial reporting and compliance; and determine whether LDH complied with applicable laws and regulations. In addition, LLA determined whether management has taken actions to correct the findings reported in the prior year.
- *Status:* Complete. Management Letter issued 2/26/2020; Single Audit issued 3/26/2020.
- *Corrective Action:* The following were identified as findings in the Management Letter and the subsequently issued Single Audit. For each finding a summary of the corrective action planned is included.
  - Inadequate Internal Control over Modified Adjusted Gross Income (MAGI) Eligibility – LDH concurred in part with this finding. In its response, LDH stated that controls in LaMEDS were adequate over MAGI based eligibility determinations. LDH determined however that putting FTI data into LaMEDS would not be approved by the IRS without ending the current audit trail for income sources in the system. Since removing the audit trail is impractical, LDH will work with LLA on building regular statistical data reports on FTI.
  - Weaknesses in Controls over LaMEDS – LDH concurred in part and provided corrective action plans. LDH did not concur with the finding that testing of LaMEDS prior to the system go-live date was incomplete. LaMEDS was fully tested prior to go-live. LDH was unable to reproduce the passage rates reflected in the LLA audit as they did not take into account the full scope of testing for those specific areas cited in the audit. Test runs and scripts interact in multiple iterations and subsequent testing of items often resulted in favorable results. LDH provided LLA additional documentation to clarify the methodology. LDH did not concur with the finding regarding user access reviews and the monitoring of audit logs, citing that CMS only requires an annual review of user access and does not require monitoring of all audit logs. However, in addition, LDH completed an informal review in early 2019. LDH concurred in part with the recommendation regarding interface error monitoring but noted it had a detailed design specification document that established "a formal process for error standardization" that provides steps for particular errors. LLA stated the detailed design specification document does not negate the need for policies and procedures for staff to reference when handling interface errors during normal operations. LDH concurred with the recommendation of removing separated employee's access and holding supervisors responsible for requesting removal. LDH sent reminders to all staff and revisited training efforts around off boarding employees.
  - Noncompliance on Managed Care Premium Payments – LDH concurred with the finding regarding dates of the relevant premium payments, rates used to make the payments, and dates of contract amendment approvals. LDH did not agree that the payments made and rates used were inappropriate or noncompliant, so a corrective action plan was not provided. LDH acknowledges payments were made using rate certification letters in contract amendments prior to submission to OSP and OSP approval and making payments for service dates using rate certification letters that did not cover the respective service dates. LDH noted no fiscal impact as a result of these actions and it is the position of LDH that we will always be faced with this issue due to the lag between the rate certification period end and OSP/CMS approval of the new

certified rates. The situation and lag will intensify in cases of multiple amendments throughout the contract year. Thus, it is the opinion of LDH that this is an inevitable part of the process in setting managed care per member per month payments.

- Noncompliance with Managed Care Provider Enrollment Requirement – LDH concurred with this finding that LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. LDH cancelled the contract with Verisys Corporation to provide a Provider Management solution effective April 3, 2020. LDH has been diligently working to develop an alternative option to achieve compliance with CMS regulations. LDH will be submitting an Advance Planning Document to CMS within the next few weeks to request approval for CMS funding for the project. Implementation of the alternative option is expected to begin in the early fall of 2020, to the extent possible under the conditions associated with the current COVID-19 emergency. LDH also plans to seek a longer term solution that will modernize the Provider Management system and also achieve the CMS preference of modularity. LDH continues to keep CMS informed of our progress toward achieving compliance with CMS regulations. LDH currently collects provider information from the MCOs including name, specialty, date of birth, social security number, and state license or certification number on providers enrolled with the MCOs. This data is compared to the USDHHS-OIG List of Excluded Individuals/Entities (LEIE) on a monthly basis to ensure that excluded individuals/entities are not enrolled with the Managed Care Providers. Encounter data from the managed care organizations is compared to the System for Award Management (SAM) database for excluded companies or individuals on a quarterly basis. LDH is exploring other options to ensure that payments for services provided to Medicaid recipients are not made to individuals or entities that are prohibited by law from receiving such payments.
- Inadequate Controls over Waiver Services Providers - LDH concurred with this finding and recommendation that policies and federal regulations for waiver services are enforced including documentation to support claims and evidence of deviations from the approved Plan of Care (POC) to meet the needs of the recipient. In addition, LDH concurred with the recommendation that it should ensure all provider manuals are updated timely. LDH noted that there was no financial impact to the state as a result of this finding. LDH concurs with the LLA that the NOW and ROW manuals should be updated timely. The NOW manual has been updated to reflect the implementation of EVV, and the requirements of the documentation needed. The ROW manual will be completed by 08/31/2020. The recent implementation of Electronic Visit Verification (EVV) provides an additional tool for monitoring the timing of service delivery and significantly reduces the risk of incorrect or fraudulent billing. LDH was unable to provide trainings in regards to documentation requirements to providers and Support Coordination Agencies for the 1st and 2nd quarters of 2020 due to the global COVID-19 pandemic. Once LDH is able to conduct quarterly meetings with providers and support coordinators again, LDH will provide this training. LDH will also meet with the providers that were identified in this audit to provide one-on-one training regarding the documentation issues stated in this audit finding.
- Inadequate Controls over Quarterly Federal Expenditure Reporting – LDH concurred with this finding and made corrections to the September 2019 reports to report the expenditures as SUD waiver.
- Inadequate Controls over Monitoring of Abortion Claims – LDH did not specifically concur or disagree with the finding but provided a corrective action plan. To enhance monitoring of abortion claims for compliance with federal and state regulations, LDH will take the following steps. LDH revised the "End of Pregnancy" monthly report (Report #137) to require the MCOs to

include additional information on any paid claims for abortions that conform with the Hyde Amendment. The first of these revised reports were received from the MCOs on May 15th 2020 using the updated template. The revised form captures member identifying information, the reason for the services, the date of the procedure/event, and the claim type. LDH also mandated that the MCOs provide each hard copy claim with the required supporting documentation outlined in the Medicaid Professional Services manual with the monthly report mentioned above. LDH will review the elective abortions reported to determine if the abortion was performed in compliance with the contract and law. LDH will also reach out to other state Medicaid programs to determine their compliance processes. If any "best practices" are identified, LDH will look to integrate them into the process. LDH has recently assigned a Program Manager to focus on Women's Health and be an LDH subject matter expert.

- Noncompliance with Prenatal Service Third-Party Liability Requirements – LDH concurred in part with the finding and provided a corrective action plan. The revised federal regulation has not been implemented because CMS has not issued clear guidance for implementation. LDH noted that the United States Code was amended but the Code of Federal Regulations provision had not been updated, and CMS had not provided final guidance. LDH is preparing to amend the relevant State Plan provisions. LDH will also revise the current fee for service procedures and amend the MCO contracts to be consistent with the guidance provided by our federal regulators. Also, in order to fully close the loop, La. R.S. 46:446.3 would also need to be amended to be consistent with the new federal law, although LDH does not need this statutory change in order to implement the new federal requirement.
- Noncompliance with Third-Party Liability Assignment – LDH concurred with the finding and provided a corrective action plan. LDH's Plan of Correction (POC) involves including the proper notification language as required by the Code of Federal Regulations in upcoming Decision Letters for all approvals and renewals, which each Medicaid recipient will receive, at least, annually. LDH will then ensure that such proof will be placed in the individual eligibility files. This POC will be implemented as soon as the contractual process with our vendor allows, which is expected within 6 months after the Public Health Emergency associated with COVID-19 is lifted. This process will also be followed in the Children's Health Insurance Program (LaCHIP) and is also expected to be completed within 6 months after the Public Health Emergency is lifted.
- Noncompliance with Provider Revalidation and Screening Requirements – LDH concurred with the LLA finding that LDH did not perform five-year revalidations and has not screened previously enrolled providers based on categorical risk of fraud, waste or abuse. LDH also concurred with the LLA finding that required monthly SAM database checks have not been performed. LDH cancelled the contract with Verisys Corporation to provide a Provider Management solution effective April 3, 2020. LDH has been diligently working to develop an alternative option to achieve compliance with CMS regulations. LDH will be submitting an Advance Planning Document to CMS within the next few weeks to request approval for CMS funding for the project. Implementation of the alternative option is expected to begin in the early fall of 2020, to the extent possible under the conditions associated with the current COVID-19 emergency. LDH also plans to seek a longer term solution that will modernize the Provider Management system and also achieve the CMS preference of modularity. LDH will continue to keep CMS informed of progress in efforts to achieve compliance with CMS regulations. LDH does wish to point out that although SAM database checks have not been performed on a monthly basis for all providers, quarterly SAM database checks have been completed for those providers who have received payments from LDH and/or the Managed Care Organizations. LDH is currently

exploring other options to ensure that payments for services provided to Medicaid recipients are not made to individuals or entities that are prohibited by law from receiving such payments.

- Inadequate Controls Over Healthy Louisiana Premium Payments – LDH concurred with the finding and provided a corrective action plan. The primary drivers of mismatches occurring between eligibility types and premium payments is due to eligibility changes after the payment is made and overlapping enrollments, or due to changes in eligibility between when the premium payment report is generated and payment actually rendered. There will always be a need to adjust eligibility and claims and adjust reporting due to timing issues of new eligibility information received. The Centers for Medicare & Medicaid Services (CMS) allows states to report additional expenditures applicable to a service period up to two years after the date of original service payment. LDH corrected the payments by November 2019 and also modified the monthly demographic adjustment process to reduce these occurrences resulting from overlapping enrollments and changing eligibility. When LDH upgraded its eligibility system (LaMEDS), it increased the number and timeliness of eligibility changes being transmitted to the mainframe based payment system. As a result, LDH and its fiscal intermediary, DXC, implemented a corrective action in November 2019 that updated the adjustment process to include a secondary query to identify and address additional mismatches generated from updates passing through the more robust eligibility system. Additionally, LDH is exploring options for alignment of premium payment reporting, review and disbursement. Current operations are to generate the premium payment report for review and approval on a Monday and LDH reviews and approves within 48 to 72 hours, after which payment processing occurs. During that period, eligibility can change with retro-adjustments and the payments are generated based on the approved premium report rather than the current eligibility status in LaMEDS. This timing gap sometimes causes a mismatch; however, LDH must also have adequate controls to approve premium disbursement. The fiscal intermediary for LDH, DXC, has begun running a secondary query monthly with other reconciliation jobs. Additionally, PMPM approval reports are sent on Tuesday afternoon or Wednesday morning, approved on Wednesday and payments are generated on Wednesday to reduce the chance of eligibility changes.
- Inadequate Controls over Medicare Buy-In – LDH concurred with the finding and provided a corrective action plan. As corrective action, LDH maintains a separate table to store this information to crosswalk with CMS data, which allows the Buy-In to start and initiates Medicare premium payments. LDH implemented the corrective action plan using a separate table on December 13, 2019.
- Noncompliance with Review of Redeemed Food Instruments and Cash-Value Vouchers – This finding was a part of the Management Letter, but was not included as a Single Audit finding as a result of LLA determination based on their guidelines - LDH did not concur with the finding as the WIC banking contractor, Solutran, has adequate measures in place that serve as an audit of their processing controls and a Service Organizational Control (SOC) 2 report that meets the standards and/or mandates established by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS). Louisiana WIC transitioned from paper benefit issuance to electronic benefit issuance in October 2019.
- Inadequate Controls over Billing for Behavioral Health Services – LDH did not concur with the recommendation providing that the recommendation is inconsistent with a risk-based managed care model. As a result, no corrective action plan was noted in the response to this finding.



2. LLA (MAU) – Billing by Providers of Behavioral Health Services in Medicaid

- *Description:* LLA analyzed billing practices by providers to determine what controls LDH and the MCOs have in place to ensure providers submit claims with appropriate procedure code and modifier combinations, as well as to identify ways to identify providers who are billing incorrectly but are not currently being investigated by LDH, the AG, or the MCO SIUs.
- *Status:* Complete. Report issued 9/4/2019.
- *Corrective Action:* LDH objected to the findings of this audit. As a result, there are no corrective actions planned. In disagreeing with the findings in this report, the Department stands by its managed care organizations that use a market-based approach to reimbursing its providers. This payment model ensures that Louisiana's Medicaid enrollees have access to critical behavioral health care services.

3. LLA (MAU) – Medicaid – Status on the Use of Federal Tax Data

- *Description:* This audit was performed to provide the status on the Louisiana Department of Health's (LDH) use of federal tax information (FTI) in the Medicaid eligibility determination process. Proper and timely eligibility decisions are critical to ensure LDH does not expend state and federal funds paying per member per month fees to managed care organizations for ineligible individuals. Using tax information would provide verification for Medicaid eligibility factors that are currently self-attested by the applicant.
- *Status:* Complete. Report issued 9/11/2019
- *Corrective Action:* LDH began utilizing federal tax information (FTI) in a post-eligibility review process in October 2019 after clearance of all background checks were obtained in order for staff to access the system where the tax data is stored securely. LDH agreed with the recommendation that LDH management should conduct a cost analysis for the option of using an IRS compliant method for utilizing automated federal tax data in LaMEDS. Upon review of the IRS security requirements, there is no permissible way to integrate FTI into LaMEDS without deconstructing the entire system, including the audit trail of all income sources and eliminating the Partner and Provider portals along with external access to LaMEDS (including the LLA) in order to make it secure. Essentially, it would require rebuilding LaMEDS. Due to these IRS restrictions, beginning in December 2019 LDH conducted the cost analysis on an alternative option for automation that only removes the income processing of eligibility into the secure environment where the FTI is currently stored outside of LaMEDS, and presented it to the auditor. The auditor advised it did not want to proceed with the proposed option as it would eliminate the transparency and work put into LaMEDS to create the income audit trail. In lieu thereof, LDH committed to work with the auditor on clearly documenting FTI review procedures, creating reports needed for audit, and working with the auditor to ensure appropriate access to allowable data and information to the extent that its audit function can be satisfied. This work is ongoing and has been delayed with the Department's response to COVID-19.

4. LLA IT – IT Audit of LAMEDS System

- *Description:* The LLA audit objective was to review IT security related aspects of the LAMEDS system.
- *Status:* Complete. This audit did not result in a public report, but its findings were intended to be included in an LLA MAU report on LaMEDS that was later cancelled. Findings were included in the FY 2019 Single Audit/LDH Management Letter discussed in Item # 1 (Completed Audits).
- *Corrective Action:* N/A.

5. LLA Investigative – Medicaid Eligibility Audit on Specific Individuals

- *Description:* This investigative audit was conducted to determine if certain Medicaid recipients provided false information to obtain benefits.
- *Status:* Complete. Report issued 1/22/2020.
- *Corrective Action:* LDH agreed to obtain legal counsel to determine the appropriate action to be taken against the recipients named in the report, including the recovery of payments for improper Medicaid benefits. The new eligibility system uses multiple electronic data sources for verification. Additionally, LDH has begun using federal tax information in a post-eligibility review process where there is a significant discrepancy between income reported for eligibility and income reported for federal tax purposes. LDH will continue to reinforce caseworker training on agency policy requiring eligibility redetermination when information is received that may affect eligibility of a recipient, consistent with federal law. Additionally, the new eligibility and enrollment system automatically re-determines Medicaid eligibility when new information is received, and it automatically stores information on which determinations are based.

6. Office of State Travel (OST) – Purchase Card Program Compliance by LDH

- *Description:* The OST compliance review objective was to review data related to compliance with the Purchase Card Program. This review did not result in a public report but the report was shared with the LLA.
- *Status:* Complete. Report sent to LDH on 2/4/2020, response sent to OST on 2/14/2020.
- *Corrective Action:* LDH agreed with OST findings. Corrective action consisted of the following: Identified transactions in error were corrected in the WORKS system and documentation was provided to OST. A memo was sent to Assistant Secretaries, cardholders and approvers reminding them of the responsibility of all program participants to ensure that all complete supporting documentation is uploaded in WORKS and that approvers are verifying the existence of itemized receipts prior to sign-off. Also, a reminder was sent to ensure all program participants are aware of the contact information for the LDH P-card program administrators. Actions were also taken to ensure that approvers did not have approval authority for more than 20 cardholders each.

7. Office of State Travel (OST) – Travel Card Program Compliance by LDH

- *Description:* The OST compliance review objective was to review data related to compliance with the Travel Card Program. This review did not result in a public report but the report is shared with the LLA.
- *Status:* Complete. Report sent to LDH on 3/11/2020, response sent to OST on 3/25/20.
- *Corrective Action:* LDH concurred in part with OST findings. Corrective action consisted of the following: LDH provided OST with documentation of the 2020 annual review of travel card transaction by LDH program administrators. Cardholders will continue to receive instruction to upload receipts in a way that makes credit transactions visible for auditors and will work with OST to troubleshoot any issues that may arise with the uploading of receipts and required documentation. In addition, LDH will work with OST on transaction sign-off technical issues that may arise after cards are suspended or cardholders leave the agency. LDH also will ensure that duplicate statements are obtained electronically when the cardholder does not receive the original statement. LDH also will continue to educate travelers regarding the importance of reviewing Enterprise receipts upon issuance to ensure accuracy. LDH also will modify the monthly reports review process to include more documentation to show the investigation of each item. LDH also will ensure there is better written documentation of cardholder and approver assignments.

8. LLA Financial – Procedural Report - Pinecrest Supports and Services Center
  - *Description:* LLA performed certain procedures at Pinecrest Supports and Services Center (Center) to evaluate certain controls the Center uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds for the period of July 1, 2018, to March 16, 2020.
  - *Status:* Complete. Report issued April 1, 2020.
  - *Corrective Action:* N/A. This audit found that findings from a previous audit had been corrected and no findings were noted in this report.
  
9. LLA Financial – Procedural Report – Central Louisiana State Hospital
  - *Description:* LLA performed certain procedures at Central Louisiana State Hospital (Hospital) to evaluate certain controls the Hospital uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds for the period of July 1, 2018, to March 12, 2020.
  - *Status:* Complete. Report issued April 1, 2020.
  - *Corrective Action:* N/A. No findings were noted in this report.
  
10. LLA Financial (Financial Statement Audit) – OPH - Drinking Water Revolving Loan Fund
  - *Description:* LLA audited the financial statements of the Drinking Water Revolving Loan Fund (DWRLF) as of and for the year ended June 30, 2019, to determine whether the financial statements are fairly stated. LLA also conducted procedures as required by the Environmental Protection Agency to determine state compliance with its grants.
  - *Status:* Complete. Report issued on April 22, 2020.
  - *Corrective Action:* N/A. No findings were noted in this report.
  
11. LLA Performance – OPH Follow-up Audit- Progress Report - Food Safety
  - *Description:* LLA performed audit follow-up procedures on the following previously issued OPH audit:
    - Regulation of Food Safety in Retail Food Establishments - Issued November 21, 2012.
  - *Status:* Complete. Report issued 6/10/2020.
  - *Corrective Action:* LLA noted 4 findings and 8 recommendations for improvement related to inspections of retail food establishments. LDH agreed with all recommendations. LLA noted LDH's current status was Fully Implemented for 5 recommendations and Partially Implemented for 3 Recommendations. LDH is committed to reaching a Fully Implemented level for the 3 recommendations currently considered Partially Implemented. Of the 3 Partially Implemented recommendations LDH noted the following responses:
    - For the recommendation - OPH should ensure that its sanitarians inspect all high-risk establishments in accordance with its risk model. LDH agrees with this recommendation and stated that it will continue to endeavor to reach its goal to ensure that at least 98% of establishments are inspected according to their respective rankings within the risk assessment model and that past-due inspections are rated as a priority and conducted as soon as possible.
    - For the recommendation - OPH should ensure that sanitarians utilize the field in its database that indicates whether or not a re-inspection is needed to help plan re-inspection activities. LDH agrees with this recommendation and stated that the QA staff monitors, through electronic audit, when this field is utilized and works to ensure that dates are accurate and properly documented. In addition, as of April 1, 2020, staff will monitor, document, and report to the

Sanitarian Services Administration and Regional Sanitarian Directors when follow-up inspections are not conducted on the date assigned.

- For the recommendation - OPH should follow its established criteria for the issuance of compliance orders to establishments with a history of noncompliance. LDH agrees with this recommendation and stated that additional training will be provided to sanitarians regarding enforcement procedures and the compliance order process. In addition, a field has been added to the database to allow the sanitarian to document when a compliance order is initiated at an establishment.

12. LLA Performance – Billing by Providers of Behavioral Health Services in Medicaid – Report on Individual Provider - New Horizons Counseling Agency.

- *Description:* As part of its audit on billing practices by behavioral health providers, LLA issued this report on an individual provider identified as submitting claims that appear to indicate billing for services that were not provided, that were improperly billed, or that were not properly documented.
- *Status:* Complete. Report issued on June 17, 2020.
- *Corrective Action:* LLA did not make any recommendations in this report, however LDH provided a response. LDH defers to the Louisiana Attorney General's office (AG) as the prosecutorial arm of State government. LDH points out that information on suspicious activity was sent to the AG on this provider in 2016 and additional fraud notices on this provider were sent to the AG in 2018. LDH took action to suspend payments to this provider. Provider exclusion from the Medicaid program is typically delayed until the investigation is public or complete in order to not interfere with the ongoing case.

13. LLA Performance – Medicaid Eligibility Audit on Specific Individuals. Medicaid Recipients: Dependent Children of Cortrinia and Tyler Price.

- *Description:* This performance audit was conducted by LLA Performance to determine if certain Medicaid recipients provided false information to obtain benefits.
- *Status:* Complete. Report issued on June 17, 2020.
- *Corrective Action:* LDH concurred with the findings and agreed to seek legal counsel to determine the appropriate action to be taken on this matter. LDH has begun comparing the database of Medicaid applicants and recipients to LDH's Medicaid provider's database to identify recipients who may not be eligible to receive Medicaid benefits. However, such a comparison alone will yield insufficient information on which to make an eligibility determination due to the lack of provider business expenses data.

14. LLA Performance – Billing by Providers of Behavioral Health Services Provided Outside of Contiguous Parishes

- *Description:* LLA planned to analyze providers providing services outside of their parish and contiguous parishes as allowed by their licenses and to determine LDH's level of monitoring of such billing.
- *Status:* Cancelled by LLA. No report will be issued. LLA notified LDH on 12/3/2019.
- *Corrective Action:* N/A, report cancelled by LLA.

15. LLA MAU – LAMEDS and Eligibility Determinations

- *Description:* LLA planned to provide information on the status of Medicaid eligibility determinations post-implementation of LaMEDS.

- *Status:* Cancelled by LLA. No report will be issued. LLA notified LDH on 6/19/2020. LLA notified LDH that the LaMEDS audit was cancelled because the data they were using had become dated and that the department already corrected many of the areas of potential findings.
- *Corrective Action:* N/A, report cancelled by LLA.

#### **Federal Audits**

There were no completed Federal Audits within the timeframe of this report.

Should you have any further questions or concerns please feel free to contact me at 225-342-6726 or via email at [Cindy.Rives@la.gov](mailto:Cindy.Rives@la.gov).

Sincerely,



Cindy Rives  
Undersecretary

CR/mb/ap