



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

December 19, 2013

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

Dear Secretary Dudek:

In accordance with Internal Auditing Standards, attached is the six-month status report from the Bureau of Financial Services in response to our report #12-04, *Agency Accounts Receivable Process Audit* published on June 25, 2013.

Management has indicated corrective action is in the process of being initiated for all of our report issues. A detailed description of all issues, recommendations, and management's responses can be found in the attached table. We will schedule another follow-up review in six months to assess the status of the efforts taken by the Bureau of Financial Services to correct all open issues.

If you have any questions regarding this status report, please let me know.

Sincerely,

Eric W. Miller
Inspector General

EWMifs
Enclosure

cc: Jenn Ungru, Chief of Staff
Michelle Dahnke, Director of Communications
Tonya Kidd, Deputy Secretary of Operations
Molly McKinstry, Deputy Secretary of Health Quality Assurance
Anita Hicks, Budget Director



Agency for Health Care Administration
Office of Inspector General – Internal Audit
Report No. and Title: 12-04 Agency Accounts Receivable Process Audit, issued 6/25/13
Six-Month Follow-up Status as of December 25, 2013

| No. | Finding | Recommendation | Previous Management Response(s) | Six-Month Status Update | Anticipated Completion Date and Contact |
|-----|--|---|---|--|---|
| 1 | MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity | In order to send notification letters timely, we recommend the MAR unit clarify circumstances that are acceptable exceptions to their policy of sending late payment notification every 30 days. | The Medicaid Accounts Receivable (MAR) procedure manual has been updated with guidelines for sending notices to providers. Additionally, this has been discussed with MAR unit staff. | Completed | Completed |
| 2 | MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity | We also recommend the new accounts receivable system include a means of identifying late payment dates and automatically generating notices if a payment has not been received by set deadlines. | Upon integration into the new accounts receivable system (AR), the MAR unit will be able to receive alert notifications, to review cases for past due notices, and be able to print electronically generated invoices. In the interim, the MAR staff is using Microsoft Outlook to set up automatic reminder alerts. <i>Anticipated date of completion: June 30, 2014</i> | Due to recent turnover in staff, the completion date for this project has been extended. The Bureau of Financial Services is in the process of engaging a consultant to evaluate current stand-alone systems and recommend options that best meet all of our business needs. | June 30, 2015 Anita Hicks |
| 3 | MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity | We further recommend that the new accounts receivable system include the ability to generate reports that allow monitoring for payment timeliness. Such reports should include information that shows the chronology of Agency action taken (i.e. Final Order, FAR, notification letter), the date of that action, the date(s) the provider is overdue, the number of days an amount is overdue, and if an amount paid is in compliance with the amount owed. | The AR system currently has an account balance functionality that shows all outstanding receivables for a given entity. The AR system incorporates Change Data Capture (CDC) functionality in all SQL server database tables. The CDC stores the original state of a given record or records, changes made to those records and the state of the records after the changes. Once the project is developed to the point for MAR integration, this functionality will be available to MAR staff. <i>Anticipated date of completion: June 30, 2014</i> | Due to recent turnover in staff, the completion date for this project has been extended. The Bureau of Financial Services is in the process of engaging a consultant to evaluate current stand-alone systems and recommend options that best meet all of our business needs. | June 30, 2015 Anita Hicks |
| 4 | MAR Case Set-up Could Be More Efficient by Importing Provider Information from FMMIS | To improve efficiency and expedite data entry, the new accounts receivable system should consider an interface that would automatically populate these fields from | When MAR is integrated into the new AR system, the need for interfaces with other systems (FMMIS, FACTS, etc.) will be considered and addressed accordingly. | Due to recent turnover in staff, the completion date for this project has been extended. The Bureau of Financial Services is in the process of engaging a consultant to evaluate current | June 30, 2015 Anita Hicks |

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| | | FMMIS. | <i>Anticipated date of completion: June 30, 2014</i> | stand-alone systems and recommend options that best meet all of our business needs. . | |
| 5 | Cases Designated for Referral to a Collection Agency May Be Delayed | In order to enhance prompt collection, we recommend F&A develop a written policy or guidelines that meet the approval of the Office of General Counsel specifying how frequently the list of referrals should be sent to the collection agency. | The MAR unit has written procedures for cases to be referred to a collection agency. However, the procedures will be updated to better define the timeframes and frequency. | Completed | Completed |
| 6 | Collection Agency Report Balances Did Not Agree with the Account Balances in the MAR System | To ensure that cases referred to collection agencies are correctly recorded and their balances are accurate, we recommend MAR staff periodically reconcile the information on the collection agencies' reports with the receivables identified in MAR. | The MAR unit will identify and reconcile all cases referred to the collection agencies to ensure accurate balances. We are currently working with the collection agencies to provide us with data on our accounts, in the Collections Inventory Report. <i>Anticipated date of completion: June 28, 2013</i> | The MAR Unit is continuing to work with the collection agency in acquiring a Collections Inventory Report. We anticipate receiving the report by December 13, 2013. Upon receipt of the report, the Bureau of Financial Services will complete the reconciliation. | January 31, 2014 Anita Hicks |
| 7 | Payment Plan Finalization May Be Delayed | We recommend that F&A consider adopting a policy limiting the number of negotiations allowed or setting a deadline so that payment plans can be finalized more timely. | MAR has implemented processing limits at three attempts to secure a payment plan, before placing a lien or referring the case to collections. | Completed | Completed |
| 8 | The Coordination of Restitution Cases Could be Improved between MFCU and F&A | To clarify the roles and responsibilities between MFCU and F&A, we recommend that the current Memorandum of Understanding be revised and signed specifying: 1. How often periodic reconciliations of open case balances should be performed and documented; and 2. A clarification of responsibilities for monitoring delinquent cases, contacting | F&A will schedule a meeting with MFCU staff to discuss roles and responsibilities between MFCU and F&A staff. When integrating MAR into the new AR system, we will coordinate with MFCU staff to ensure both their needs and F&A needs are taken into consideration. <i>Anticipated date of completion: June 28, 2013</i> | During a recent meeting between the Office of Inspector General and MFCU, the Bureau of Financial Services submitted a list of improvements for collections, to be discussed by the AHCA/IG on November 13, 2013. Follow-up with MFCU and Office of the Inspector General is pending. | February 28, 2014 Anita Hicks |

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| | | probation officers in cases of delinquent payment by probationers and referral to a collections agency for non-payment. | | | |
| 9 | Queries Used to Run Reports in OPC Track Billing Are Ineffective | The new accounts receivable system includes accurate and relevant queries needed to produce reliable reports for OPC Track Billing. | <p>F&A: The new AR system uses modern technology to create, store and track data for accounts receivables and the capacity to write queries to produce accurate and relevant results, including reports, is an inherent feature of this technology.</p> <p>HQA: As of March 1, 2013, OPC Track Billing was replaced by the new AR system. The new AR system has access to the data in OPC Track and can produce accurate and relevant queries as well as reports from OPC Track; OPC staff has access to the queries and reports.</p> | Completed | Completed |
| 10 | Queries Used to Run Reports in OPC Track Billing Are Ineffective | The new accounts receivable system includes accurate and relevant queries needed to produce reliable reports for OPC Track Billing. | <p>F&A: The logic within the new AR system generates accounts receivables in a manner that ensures these items can be tracked throughout their lifecycle.</p> <p>HQA: The new AR system has access to the data in OPC Track and includes a way for the data from previous billings to be retrieved for collections.</p> | Completed | Completed |
| 11 | Manual Processes | To improve efficiency and information security, we recommend the new accounts receivable system accommodate all accounts receivable types so that the areas can discontinue the use of maintaining accounts receivable in MS Excel. | <p>F&A: The goal is to incorporate all accounts receivable activity into the new system. <i>Anticipated date of completion: June 30, 2015</i></p> <p>HQA: HQA will work with F&A to address these issues as efficiently as possible within the</p> | The Bureau of Financial Services' goal is to incorporate all accounts receivable activity into one AR system. However, due to recent turnover in staff, the completion date of this project has been extended. | June 30, 2015 Anita Hicks |

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| | | | existing resources. Within the resources available, the new AR system will exchange data electronically with Versa Regulation to capture accounts receivable. | | |
| 12 | Use of Versa as an Accounts Receivable System | The identified accounts be maintained in the new accounts receivable system instead of Versa. | F&A/HQA Response: The two divisions will work together to address these issues as efficiently as possible within the existing resources to assure at a minimum that the Versa account receivable data is recorded in the new accounts receivable system. <i>Anticipated date of completion: June 30, 2014</i> | The Bureau of Financial Services is the official keeper of financial records for the Agency; therefore, any AR systems should be housed and maintained by the Bureau of Financial Services. However, the Bureau will continue to work with HQA to integrate the two systems for data sharing, direct staff access, report building, and automate and electronic transference of data. | June 30, 2015 Anita Hicks |
| 13 | Use of Versa as an Accounts Receivable System | As an alternative, F&A consider implementing an interface between Versa and the new accounts receivable system that would create an accounts receivable and record payments. | F&A/HQA Response: The two divisions will work together to address these issues as efficiently as possible within the existing resources to assure at a minimum that the Versa account receivable data is recorded in the new accounts receivable system. <i>Anticipated date of completion: June 30, 2014</i> | The Bureau of Financial Services is the official keeper of financial records for the Agency; therefore, any AR systems should be housed and maintained by the Bureau of Financial Services. However, the Bureau will continue to work with HQA to integrate the two systems for data sharing, direct staff access, report building, and automate and electronic transference of data. | June 30, 2015 Anita Hicks |
| 14 | Revenue Management's Documentation Processes Are Inconsistent | We recommend F&A management and staff evaluate current processes and written procedures to identify process improvements such as updating and/or removing unnecessary forms. | Several policies, procedures and processes have been evaluated and updated. Processes and forms are being reviewed to insure consistency. Process improvement is continuously evaluated and is one of the most material determining factors in how F&A's current technology development projects are designed. <i>Anticipated date of completion: June 30, 2014</i> | The Bureau of Financial Services is in the process of developing and undergoing a functional analysis of its policies, procedures, and processes. Workgroups will be created consisting of internal and external staff of the Agency. | June 30, 2015 Anita Hicks |