



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

November 5, 2014

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 twelve-month status report from the Division of Medicaid in response to our report #13-10, *Provider Payment Suspension and Termination Processes Review* published on November 5, 2013.

Management has indicated that the reorganization of the Fraud Prevention and Compliance Unit (FPCU) is underway and is expected to be completed by late 2014. FPCU will continue to exist but the functions related to contractual terminations and prepayment review of providers are moving to Medicaid Contract Management and Medicaid Program Integrity, respectively. Specific responses to review recommendation numbers three to nine will be provided by Medicaid at our next six-month status report.

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

Sincerely,

Eric W. Miller
Inspector General

EWM/szg
Enclosure

cc: Melinda Miguel, Chief Inspector General, EOG
Jenn Ungru, Chief of Staff
Michelle Dahnke, Director of Communications
Justin Senior, Deputy Secretary of Medicaid



Agency for Health Care Administration
Office of Inspector General – Internal Audit

Report No. and Title: 13-10 Provider Payment Suspension and Termination Processes Review, issued 11/05/13
Twelve-Month Follow-up Status as of November 5, 2014

No.	Concern	Recommendation	Previous Management Response(s)	Twelve-Month Status Update	Anticipated Completion Date and Contact
1	Overlap of Job Functions	We recommend that Agency staff and external parties be instructed to refer any questionable or suspicious provider activity related to fraud or abuse to Office of Medicaid Program Integrity(MPI) and the Agency continue to designate MPI as the Office tasked with detecting and investigating fraud and abuse pursuant to Section 409.913, F.S.	<p><u>Status as of May 2, 2014:</u> Completed and on-going.</p> <p><u>Status as of November 5, 2013:</u> Agree but note that this is done on a routine basis through many methods and needn't be further tracked as it is ongoing. Furthermore, where it is not clear whether a matter is related to fraud and abuse (vs. non-compliance) Medicaid staff are encouraged to discuss the matter with the Fraud Prevention and Compliance Unit (FPCU) to assist.</p> <p><i>Anticipated Completion Date: Completed and on-going.</i></p>	Completed.	Completed
2	Overlap of Job Functions	As the Agency continues to review the organizational structure and duties related to implementing Statewide Medicaid Managed Care (SMMC), we recommend Agency management review perceived areas of overlap, taking into account MPI's statutory duties, to identify opportunities to realign unit functions and increase coordination between FPCU and MPI.	<p><u>Status as of May 2, 2014:</u> Completed and on-going.</p> <p>Reorganization efforts are now focusing on FPCU, with changes to the structure beginning in June 2014 and continuing into Fall 2014.</p> <p><u>Status as of November 5, 2013:</u> Agree but also state that the statutory duties referenced are Agency duties and the Division of Medicaid should continue to be mindful of fraud prevention as we</p>	Completed.	Completed.

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			<p>implement SMMC.</p> <p><i>Anticipated Completion Date: Completed and on-going.</i></p>		
3	Procedures for Contractual Terminations and Payment Suspensions	We recommend the FPCU establish written policies and procedures for processing contractual terminations and assigning Medicaid providers for pre-payment review (PPR) when contractually terminating them. These policies and procedures should address when to assign providers to PPR, require review and approval by the Fraud Liaison's immediate supervisor for all PPR requests, and require documentation of reasons why a provider is not assigned to PPR.	<p><u>Status as of May 2, 2014:</u> The Agency will transition the Medicaid program from a variety of delivery systems (including fee-for-service and managed care) to a primary delivery system known as the Statewide Medicaid Managed Care (SMMC) program. The Agency expects to roll out the SMMC program by late summer. Under the new SMMC program, the overwhelming majority of Medicaid recipients will receive health services via capitated health plans. This transition requires significant reorganization of Medicaid operations as various programs sunset and phase out, while the Agency stands up new organizational units and functions to run the new managed care system. As part of this process, a critical unit studied in this audit, the Fraud Prevention and Control Unit (FPCU), will no longer exist. Its functions will be going to other organizational units within the Agency, including Medicaid Program Integrity, Medicaid Policy and Quality,</p>	<p>The reorganization of FPCU is underway and expected to be completed by November or December 2014. FPCU will continue to exist, but functions related to contractual terminations and prepayment review of providers are moving to Medicaid Contract Management and Medicaid Program Integrity, respectively. Once these functions have moved, the individuals who are now responsible will determine how to accomplish these tasks, including how to document the processes.</p> <p>Anticipated completion date: February 2015</p>	Beth Kidder (850) 412-4189

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			<p>and Medicaid Contract Management. Details of the reorganization, however, have not been finalized. This renders responding to the audit findings here extremely difficult, as many of these issues will be addressed as the Agency reorganizes. The Agency will complete SMMC rollout this summer, and will supply more specific responses to audit findings 3-9 on or before September 30, 2014.</p> <p><i>Anticipated Completion Date: September 30, 2014</i></p> <p><u>Status as of November 5, 2013:</u> Agree to written policies and procedures but do not agree that the policies and procedures should require approval of PPR assignment, rather, should require approval when PPR will not be assigned concurrent with a termination.</p> <p><i>Anticipated Completion Date: January 1, 2014.</i></p>		

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4	Policies on Approving Contractual Termination, Deactivation, and Stacking Requests	We recommend Medicaid develop a written policy for approving contractual termination, deactivation, and stacking requests	<p><u>Status as of May 2, 2014:</u> See response#3.</p> <p><i>Anticipated Completion Date:</i> <i>September 30, 2014</i></p> <p><u>Status as of November 5, 2013:</u> The aforementioned policies and procedures will address, generally, when a termination, deactivation, and stacking recommendation will be processed. No further policy will be written.</p> <p><i>Anticipated Completion Date:</i> <i>January 1, 2014.</i></p>	<p>These processes will be documented by Medicaid Contract Management once the duties are transferred to them in late 2014.</p> <p>Anticipated completion date: February 2015.</p>	Justin Senior (820) 412-4006
5	Review and Communication of Proposed Contractual Terminations	We recommend that the FPCU develop written policies and procedures for communicating with applicable Agency staff regarding proposed contractual termination requests.	<p><u>Status as of May 2, 2014:</u> See response#3.</p> <p><i>Anticipated Completion Date:</i> <i>September 30, 2014</i></p> <p><u>Status as of November 5, 2013:</u> The aforementioned policies and procedures will address, generally, who will be involved in the communication regarding a termination recommendation. No further policy will be written.</p>	<p>These processes will be documented by Medicaid Contract Management once the duties are transferred to them in late 2014.</p> <p>Anticipated completion date: February 2015.</p>	Justin Senior (820) 412-4006

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			<i>Anticipated Completion Date: January 1, 2014.</i>		
6	Review and Communication of Proposed Contractual Terminations	We recommend that FPCU document the decision making process for contractual terminations.	<p><u>Status as of May 2, 2014:</u> See response#3.</p> <p><i>Anticipated Completion Date: September 30, 2014</i></p> <p><u>Status as of November 5, 2013:</u> All contractual terminations are carried out through written memo. No further/additional documentation will be prepared unless requested by the Medicaid Director (or other Agency management) on a case by case basis.</p>	See response to #3.	Justin Senior (820) 412-4006
7	Communication with Third Parties	We recommend that Medicaid (with input from MPI and in consultation with the Communications Director) adopt a communications policy to assist in the prevention of premature information disclosure to third parties regarding with cause and without cause terminations. This policy should be approved by senior management and the Communications Director.	<p><u>Status as of May 2, 2014:</u> See response#3.</p> <p><i>Anticipated Completion Date: September 30, 2014</i></p> <p><u>Status as of November 5, 2013:</u> FPCU will work with the Office of the Inspector General (OIG) as we write a communication protocol. FPCU staff has already prepared a draft and is awaiting comments from MPI.</p>	See response to #3.	Justin Senior (820) 412-4006

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8	Communication with Third Parties	We recommend that Medicaid educate all employees on inappropriate information disclosure to third parties.	<p><u>Status as of May 2, 2014:</u> See response#3.</p> <p><i>Anticipated Completion Date: September 30, 2014</i></p> <p><u>Status as of November 5, 2013:</u> FPCU will work with the OIG as we write a communication protocol. FPCU staff has already prepared a draft and is awaiting comments from MPI.</p> <p><i>Anticipated Completion Date: January 1, 2014.</i></p>	See response to #3.	Justin Senior (820) 412-4006
9	Enrollment Process for Providers with Previous Contractual Terminations	We recommend the Prevention and Provider Focus Sub-committee of the Fraud Steering Committee develop written procedures to guide Medicaid in evaluating the enrollment of providers with previous contractual terminations.	<p><u>Status as of May 2, 2014:</u> See response#3.</p> <p><i>Anticipated Completion Date: September 30, 2014</i></p> <p><u>Status as of November 5, 2013:</u> The Sub-committee is working on this.</p> <p><i>Anticipated Completion Date: July 1, 2014.</i></p>	See response to #3.	Justin Senior (820) 412-4006