



RON DESANTIS  
GOVERNOR

SHEVAUN L. HARRIS  
ACTING SECRETARY

December 18, 2020

Shevaun L. Harris, Acting Secretary  
Agency for Health Care Administration  
2727 Mahan Drive  
Tallahassee, Florida 32308

Dear Secretary Harris:

In accordance with Internal Auditing Standards, attached is a status update from the Division of Medicaid, Medicaid Finance and Analytics, Bureau of Medicaid Data Analytics (MDA) in response to our audit report number *AHCA-1718-03-A SMMC Capitation Rate Process*, published on June 29, 2020.

Management has indicated corrective action has been completed for all of our report issues. A detailed description of all issues, recommendations, and management's responses can be found in the attached table.

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

Sincerely,

Mary Beth Sheffield  
Inspector General

MBS/ss

Attachment

cc: Katie Strickland, Communications Director  
Tiffany Vause, Deputy Chief of Staff  
Beth Kidder, Deputy Secretary for Medicaid  
Tom Wallace, Assistant Deputy Secretary for Medicaid Finance and Analytics



**Agency for Health Care Administration**  
**Office of Inspector General – Internal Audit**  
**Report Title: SMMC Capitation Rate Process**  
**Report #: AHCA-1718-03-A, issued June 29, 2020**  
**Six-Month Follow-up Status as of December 18, 2020**

No.	Finding(s)	Recommendation(s)	Previous Management Response(s)	Status Update, Anticipated Completion Date and Contact
1	The Capitation Rate process to determine and load capitation rates was not automated, increasing the potential for manual errors and the time needed for calculations, data entry, and formatting.	<p>1. We recommend that the Capitation rate process be automated to the extent possible. This would streamline the process, eliminate manual steps and errors, and reduce the time needed for calculations and formatting. This would also facilitate and simplify the review process and provide enhanced reporting to highlight anomalies and errors.</p>	<p><u>Status as of June 29, 2020</u>            As of May 2019, the process used to create the capitation rate files for processing in FMMIS (Florida Medicaid Management Information System) by MFAO (Medicaid Fiscal Agent Operations) no longer uses the Excel Build Rates file. Instead, the process uses files received directly from the Agency’s contracted actuary, Milliman, and MDA’s (Medicaid Data Analytics) SQL server to generate the capitation rate file that is provided to MFAO. MDA believes that this new process is as automated as we can currently make it and is essentially the same process that would be used if the capitation rates were to be calculated by FMMIS.</p>	<p><b>Completed</b></p>
		<p>2. We recommend that review steps of the capitation rate process be designed to ensure revisions are valid and accurate and that proper documentation is maintained documenting the completion of the review and any file changes made.</p>	<p><u>Status as of June 29, 2020</u>            Procedures will be enhanced to ensure that both the review process, and any changes occurring as a result of the review, are adequately documented</p> <p><i>Anticipated Completion Date: September 30, 2020</i></p>	<p><b>Completed</b></p> <p>Implemented on July 1, 2020.</p> <p>The rates file is reviewed independently by the Data Solutions Unit (DSU) and by the Actuarial Services Unit (ASU) and documented via saved emails. Any changes that are required after subsequent reviews will be documented via emails and within the programming code.</p> <p><i>Contact:</i>  <i>Carla Sims</i></p>

No.	Finding(s)	Recommendation(s)	Previous Management Response(s)	Status Update, Anticipated Completion Date and Contact
2	<p>Certain activities performed within the capitation rate process, such as LTC (Long-Term Care) <i>flagging</i> and <i>Blended Rates</i> calculation, lack adequate segregation of duties and insufficient compensating controls.</p>	<p>1. We recommend that the LTC <i>flagging</i> and <i>Blended Rates</i> calculation file be revised to include more than one analyst in the process. Where not practical, separate employees should monitor and perform monthly reviews and document performance of these activities.</p>	<p><u>Status as of June 29, 2020</u>  MDA considers the monthly process of assigning LTC flags and calculating the blended LTC rates to be part of the same process. Due to this, combined with staffing limitations, MDA does not consider it practical to divide this process across multiple analysts. The current process includes supervisory review of the blended rates file each month by a Data Solutions supervisor along with a monthly review performed by the Actuarial Services unit. This review is in addition to the review of Capitation Rate file described in Finding No.1. As noted in the finding, the health plans are provided a monthly file that includes the flag assignment of each recipient, along with the calculation of the blended rate.</p> <p>MDA will enhance procedures to ensure that the monthly process of assigning flags and calculating blended rates, along with the review of these activities, is documented.</p> <p><i>Anticipated Completion Date: September 30, 2020</i></p>	<p><b>Completed</b></p> <p>Implemented on August 1, 2020.</p> <p>Any proposed changes to the LTC flagging process will be discussed with DSU management and MDA Bureau Chief. Any agreed upon changes will be implemented within the code and reviewed by DSU management prior to implementation. All changes will clearly be documented in the programming code.</p> <p>The Blended rates file will be reviewed independently by the Data Solutions Unit and by the Actuarial Services Unit and documented via saved emails. Any changes that are required after subsequent reviews will be documented via emails and within the programming code.</p> <p><i>Contact:</i>  <i>Carla Sims</i></p>

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		2. We recommend that DSU (Data Solutions Unit) staff document all programming changes, testing, and approvals made during the LTC <i>flagging</i> and <i>Blended Rates</i> calculation files.	<p><u>Status as of June 29, 2020</u></p> <p>MDA notes that documentation can take many forms; oftentimes the programming code itself serves as documentation that would allow another analyst to perform the task. MDA will enhance procedures to ensure that any programming changes to the LTC flagging process and/or calculation of the LTC blended rates is sufficiently documented.</p> <p><i>Anticipated Completion Date: September 30, 2020</i></p>	<p><b>Completed</b></p> <p>Implemented on August 1, 2020</p> <p>As noted above, changes to the LTC flagging process will be documented within the programming code.</p> <p><i>Contact:</i> <i>Carla Sims</i></p>