



RON DESANTIS
GOVERNOR

SIMONE MARSTILLER
SECRETARY

June 25, 2021

Simone Marsteller, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, Florida 32308

Dear Secretary Marsteller:

Attached is Report #AHCA-1718-02-A, *Tracking of HQA Final Orders*. This audit was conducted as part of the Agency's annual audit plan. The objectives of the audit were to determine the adequacy and effectiveness for tracking and monitoring health care facilities compliance with both monetary and non-monetary compliance requirements imposed by the HQA final orders. Our audit revealed areas where improvements could be made to strengthen controls.

Management's response to our recommendations is included in the report. We will schedule a follow-up review in six months to assess the status of the efforts taken by management to correct all issues.

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

Sincerely,

Mary Beth Sheffield

Mary Beth Sheffield
Inspector General

MBS/jh

Attachment

cc: Melinda M. Miguel, Chief Inspector General
Sherrill F. Norman, Auditor General
Cody Farrill, Chief of Staff
Tiffany Vause, Deputy Chief of Staff
Kimberly Smoak, Deputy Secretary of Health Quality Assurance
Julie Madden, Deputy Secretary of Operations
James D. Varnado, General Counsel
Eileen Lin, Chief of Finance and Accounting
Laura MacLafferty, Bureau Chief of Health Facility Regulation
Donah Heiberg, Acting Chief of Field Operations
Ryan Fitch, Bureau Chief of Central Services
Thomas Hoeler, Senior Attorney

2727 Mahan Drive • Mail Stop #4
Tallahassee, FL 32308
AHCA.MyFlorida.com



Facebook.com/AHCAFlorida
Youtube.com/AHCAFlorida
Twitter.com/AHCA_FL
SlideShare.net/AHCAFlorida



Office of Inspector General
Internal Audit

Report No. AHCA-1718-02-A

June 2021

Tracking of HQA Final Orders

EXECUTIVE SUMMARY

As part of the Agency for Health Care Administration (Agency or AHCA) Office of Inspector General's Audit Plan, Internal Audit conducted an audit of the process for tracking and monitoring compliance with HQA final orders which encompassed the Division of Health Quality Assurance (HQA); Division of Operations, Bureau of Financial Services (Financial Services); and Office of General Counsel (OGC).

During our audit, we noted areas where improvements could be made to strengthen controls in the following areas:

- HQA staff did not consistently monitor and track final order non-monetary compliance penalties as required;
- Financial Services manual process steps for the intake of final orders and the collection of final order monetary penalties did not always properly identify final order monetary penalties;
- Different entry points in processing final order monetary penalties in Financial Services and HQA resulted in some delays in posting payment information into VERSA: Regulation (VERSA);
- Final Order monetary compliance penalties were not always updated or closed appropriately in VERSA;
- Financial Services staff sometimes misidentified and misclassified HQA final order payments; and
- HQA final orders with certain obsolete compliance requirements were issued by OGC.

The Findings and Recommendations section provides details of the results of our audit.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this engagement were to determine the adequacy and effectiveness for tracking and monitoring health care facilities¹ compliance with monetary and non-monetary conditions imposed by the HQA final orders.

The scope of this engagement included HQA final orders with outstanding monetary and non-monetary compliance requirements for the period January 1, 2018, through December 31, 2018. Subsequent related activities through the conclusion of audit fieldwork, were also included.

The methodology for this audit engagement included the review of relevant laws, rules, policies, and procedures; interviews with staff in HQA, Financial Services, and OGC who were responsible for tracking and monitoring compliance with HQA final orders; and generating and reviewing reports with compliance penalties.

BACKGROUND

HQA licenses and regulates health care facilities as authorized by Chapters 381, 383, 390, 394, 395, 400, 408, 429, and 483, Florida Statutes (F.S.). HQA licenses, regulates, or provides exemptions for more than 30 different types of health care facilities and more than 48,000 providers, including hospitals, nursing homes, assisted living facilities, and home health agencies. HQA also directs facility investigations, which evaluate license requirements for facility management and administration, nursing services, social services, dietary services, laboratory services, and compliance with state and federal fire safety codes.

Failure to meet licensure standards may result in legal action by the Agency in the form of sanctions such as fines, fees, revocation of a license or denial of an initial or renewal licensure application. Facilities are given hearing rights under Section 120, F.S. At any time during the legal case proceedings, the Agency may come to an agreement with the regulated facility allowing the facility to maintain an active license status, if certain conditions are met. The agreement is known as a settlement agreement, which becomes part of the final order.

Failure to abide by the terms of a final order results in additional Agency action against the facility. Recommendation for sanctions are initiated by HQA's Bureau of Health Facility Regulation (HFR), and Bureau of Field Operations (Field Operations).

Sanctions generally include an initiating or charging document, such as an Administrative Complaint or Notice of Intent, accompanied by an Election of Rights, and final documents signifying closure of the case, such as a final order, which may include a Settlement Agreement.

¹ The term facilities includes both facilities and providers.

All sanction cases must be brought to closure through a final order filed with the Agency Clerk's office. The final order is generated by OGC and the program office and is signed by the Agency Secretary or designee. Sanctions may include monetary penalties, such as fines and fees, and/or non-monetary penalties, such as additional surveys by Field Office staff, use of consultants, mandatory training, submission of quarterly reports to HQA, a change of ownership, or the denial of a licensure renewal application or license revocation. In extreme cases, AHCA issues emergency suspension orders or immediate moratoriums on admission.

Facilities often furnish the Agency a corrective action plan and begin correcting the deficiencies prior to the issuance of a final order. Therefore, some compliance requirements or penalties are completed before the final order is issued.

HQA

Field Office staff survey or inspect licensed facilities as mandated by Federal and State requirements. When an area Field Office visits a facility and reviews the records and determines there are issues or deficiencies, the facility is given opportunities to correct the issues or deficiencies identified during the survey. If not corrected, a recommendation for sanctions is sent to OGC. An attorney in the OGC reviews the recommendation for sanctions, and if appropriate, issues an administrative complaint which at the conclusion of the legal process results in the issuance of a final order.

To track and monitor final order penalties, HQA utilizes VERSA - a comprehensive integrated application system. The final order process begins when a facility deficiency is discovered and an HQA staff member enters the appropriate information into the "Enforcement" module in VERSA. OGC staff then adds additional information such as the attorney assigned to the case, legal motions filed, or referrals made to the Division of Administrative Hearings. OGC staff periodically updates the status of the open case.

Upon case conclusion, issuance, and recording of the final order, OGC staff emails the final order to primary program areas such as Financial Services, and HQA Central Services Enforcement Unit. The final order's distribution list may also include Field Office managers, HFR supervisors, and case respondents and their attorneys.

HQA Enforcement staff receives the final order through a shared email box. HQA Enforcement updates VERSA with final order information, including, but not limited to, any compliance penalties and due dates. Facilities often pay fines and fees prior to the issuance of the final order.

In September 2017, HQA began drafting a Final Order Compliance Protocol (Protocol). The goal of this Protocol was to improve the tracking of final orders within the Agency and to establish better processes to ensure that facilities comply with final order penalties. This Protocol was ultimately approved on June 19, 2019.

The Protocol established the requirement that the HQA Enforcement Unit run an *Open Case Compliance Report (Report)*, bi-weekly, to view all overdue compliance items. This Report is a Sequel Server Reporting Services (SSRS) report. HQA Enforcement Unit runs this same report monthly for all overdue non-monetary compliance items. The Enforcement Unit is required to email the report summary of items that require follow-up to either the Financial Services for monetary penalties, or to the Bureaus of HFR or Field Operations for non-monetary penalties. The Report is also run quarterly for both monetary penalties that are 150 days past due and non-monetary penalties that are 90 days past due and provided to the relevant parties listed above.

In addition to the *Open Case Compliance Report*, HQA may also use another SSRS Report, known as the *Chronology Report*, to review final order compliance penalties. This report is essentially the history of a specific facility and would be used by Field Offices. Information for the *Chronology Report* is pulled from VERSA, ASPEN (Automated Survey Processing Environment), and AIRS (Adverse Incident Report System).

Financial Services

HQA final orders with past due monetary compliance penalties are tracked by Financial Services. Two Financial Services staff members received the final order emails from OGC. Staff would wait until all relevant emails were received for that day before printing the final orders. The printed orders were then given to the staff member responsible for collecting and monitoring final order payments. The staff member used information from both the VERSA system and the final order itself to set up cases in Financial Services' Hospital Accounts Receivable (HAR) system. HAR was replaced by the Comprehensive Accounts Management system (CAMS) during the course of audit testing on May 21, 2019.

The assigned Financial Services staff member then searched for received payments in both VERSA and HAR (now CAMS). Upon receipt of full payment, the case file was updated in HAR/CAMS and recorded as "paid" with the hardcopy of the filed final order. At the time of audit testing, payments not received by the final order due date were recorded in a Microsoft Excel workbook entitled, "Past Due Notice Letter Tracker" (Letter Tracker) and in HAR/CAMS. Financial Services would then mail a collection letter to the facility approximately 10 days after the final order due date.

Financial Services staff reviewed outstanding accounts in both VERSA and HAR/CAMS weekly for received payments. If no payments were received after 30 days from the first collection letter, a second and third collection letter was sent at 30 day intervals. Information relevant to collection efforts, such as the certified mail receipt number and relevant notes, were entered in Letter Tracker by Financial Services staff.

Payments not received after three collection letters resulted in the case file being transferred from the "Current Past Due" portion of the worksheet to the "Given to

Collection” worksheet on the same Letter Tracker workbook. Ultimately, the entire case file was provided to the Financial Services staff member responsible for submitting bad debts to the Agency’s collection vendor.

Financial Services used Letter Tracker because HAR had limited capacity and did not maintain an audit trail history of system entries or changes. According to Financial Services, as of December 2019, they no longer use Letter Tracker to input and track monetary HQA final order penalties but instead use CAMS to track monetary penalties.

Financial Services provided our Office with a copy of their *Administrative Final Orders Processing/Recording* procedures in May 2021, which notes that CAMS could generate an aging report for outstanding HQA final order penalties that have not been paid.

FINDINGS AND RECOMMENDATIONS

Finding 1: HQA Tracking and Monitoring of Non-Monetary Compliance Penalties

Finding Statement	HQA staff did not consistently monitor and track non-monetary final orders as required.
Criteria	<p>The Protocol requires HQA’s Licensure Units and Field Offices to follow up, track, and ensure facility compliance with final order non-monetary penalties.</p> <p>When the final order is finalized by the Agency Clerk, Enforcement Unit staff in Central Services are responsible for entering the activity, discipline, compliance, and disposition outlined by the order. They are also responsible for updating the disposition status once all compliance penalties have been completed.</p>
Condition	<p>Internal audit tested a sample of 90 non-monetary penalties from 18 final order cases issued from 2015 through 2018. As of the date of our sample, July 2019, all penalties were still outstanding in VERSA. As of testing in September 2019, 75 of the 90 (83%) non-monetary penalties remained outstanding. Due dates for these penalties stretched back as far as 2016.</p> <p><u>Field Office and HFR Monitoring of Final Order Penalties</u> Specific to final order non-monetary penalties under the purview of HQA Field Operations, audit testing determined that monitoring in this area was irregular and inconsistent. In our July 2019 sample of 122 non-monetary compliance penalties, 118 items (97%) were 30 days or more past due.</p> <p>Internal Audit reviewed 19 of the 90 outstanding non-monetary compliance penalties across eight Field Offices to determine whether penalties were monitored and requested relevant documentation. This sample came from our original list noted above. Since none of the outstanding non-monetary compliance penalties were marked complete in VERSA, Internal Audit requested documentation as to whether the Field Offices monitored the facility for the status of the outstanding non-monetary compliance penalties.</p> <p>Although the Field Offices indicated that some monitoring took place, only four of the eight were able to provide any</p>

FINDINGS AND RECOMMENDATIONS

documentation of monitoring. Furthermore, it appeared that monitoring was performed inconsistently and evidence of monitoring in VERSA was not documented. Of these four Field Offices, only six penalties were monitored and documented as completed by the facility; however, these penalties were not closed in VERSA.

Field Office staff indicated that there was no effective way to track the non-monetary compliance penalties and no specific procedure for monitoring. They also stated that they were only directly involved when final order penalties required facility closure. However, other members of HQA indicated that Field Office staff were simply not aware of the ability to track these penalties using VERSA.

Testing was also conducted of final orders with penalties that required monitoring by HFR. Our July 2019 sample of 122 included 13 past due compliance penalties such as resident refunds, licensure returns, and a change of ownership. Due dates for these penalties went as far back as 2016.

Protocol

With the adoption of the Protocol in June 2019, the Enforcement Unit runs an *Open Case Compliance Report* (Report) on the 1st of each month to view all non-monetary compliance items more than 30 calendar days past due. The Enforcement Unit emails the report summary of items that require follow-up to the Bureau Chief of HFR and Bureau Chief of Field Operations within one business day of running the Report. In addition, the Report is also distributed quarterly to the Deputy Secretary of HQA, Bureau Chief of HFR, and Bureau Chief of Field Operations, listing all non-monetary compliance penalties more than 90 calendar days past due.

For non-monetary penalties under the purview of HFR, the Bureau Chief of HFR shall meet monthly with the Final Order Compliance Workgroup (Workgroup) to discuss non-monetary compliance penalties more than 30 calendar days past due. HFR staff are responsible for reaching out to the facilities as determined by the Workgroup. HFR staff shall enter any notations needed, enter a completion date in VERSA for applicable non-monetary compliance penalties,

FINDINGS AND RECOMMENDATIONS

	<p>and save documentation of compliance with these penalties. If all compliance items are completed, HFR staff shall submit a Work Request Ticket so the Enforcement Unit can update the Disposition status of the case.</p> <p>With respect to non-monetary compliance penalties under the purview of the Bureau of Field Operations, the Protocol requires Field Office staff to reach out to the facilities as determined by the Workgroup. Field Operations staff must also enter any notations needed, enter a completion date in VERSA for applicable non-monetary compliance penalties, and save documentation of compliance with these penalties. If all compliance items are completed, Field Operations staff shall submit a Work Request Ticket so the Enforcement Unit can update the Disposition status of the case.</p>
Cause	<p>During our period of audit testing, controls were not always operating properly to ensure that non-monetary compliance penalties assigned to HFR and Field Operations were systematically and consistently monitored, and completion was timely documented in VERSA.</p> <p>Non-monetary compliance penalties were also not always addressed during the renewal application process, when the Agency had leverage over the facility's need to comply with these penalties. In addition, Field Operations staff noted that they have competing priorities when monitoring final order compliance penalties and that staff instead prioritized federal survey inspection duties.</p> <p>Both VERSA and Chronology Reports had the capability to provide reports to HQA Field Offices regarding outstanding non-monetary penalties. However, these systems were not well utilized, and only some HQA staff indicated an awareness of these reports. The use of these reports for monitoring does not appear to have been appropriately communicated to all Field Office staff.</p> <p>The adoption of the Protocol and the specific requirements for monitoring non-monetary compliance penalties set forth within the Protocol, should provide heightened internal controls within this area.</p>

FINDINGS AND RECOMMENDATIONS

Effect	<p>The inability to adequately track, review, and monitor final orders with non-monetary penalties impacts the Agency's ability to ensure that all health care facilities comply with all licensing and regulatory laws, rules, regulations, and any penalties imposed by Agency-issued final orders.</p>
Recommendation	<ol style="list-style-type: none"> 1. We recommend that HQA follow the provisions set forth in the Protocol in which the Enforcement Unit runs the <i>Open Case Compliance Report</i> monthly and quarterly to effectively monitor all non-monetary compliance items more than 30 or 90 calendar days past due. We further recommend that monitoring be documented. 2. We recommend that HFR and Field Operations follow the provisions set forth in the Protocol requiring staff to reach out to facilities with open non-monetary compliance penalties under their purview. Staff should also enter any notations needed, enter a completion date in VERSA for applicable non-monetary compliance penalties, and save documentation of compliance with these penalties in accordance with the Protocol.
Management Response	<p>HQA Response:</p> <ol style="list-style-type: none"> 1. Concur. Significant progress has been made to track and monitor non-monetary compliance. As of the monthly report on 6/1/2021, only 11 past-due non-monetary compliance items were outstanding. Currently, there is no SQL rule for non-monetary items, but one is being created as of 6/16/2021. The SQL rule will mirror the one in place for monetary compliance and will force the licensure units to use their leverage over the facility's need to comply with these penalties as well. <p><i>Contact: Ryan Fitch, Chief of Central Services</i></p> <ol style="list-style-type: none"> 2. Concur. HFR and Field Operations agree with the recommendation to follow the provisions set forth in the Protocol. HFR and Field Operations staff currently review the <i>Open Case Compliance Report</i> for necessary action and update VERSA and as necessary.

FINDINGS AND RECOMMENDATIONS

	<i>Contact(s): Donah Heiberg, Acting Chief of Field Operations and Laura MacLafferty, Chief of Health Facility Regulation</i>
Anticipated Completion Date	New SQL Rule – August 1, 2021. Other components are complete.

FINDINGS AND RECOMMENDATIONS

Finding 2: Financial Services Intake of Final Orders and Collection of Monetary Penalties

Finding Statement	Financial Services manual process for the intake of final orders and the collection of final order monetary penalties did not always properly identify final order monetary penalties.
Criteria	<p>According to the United States Government Accountability Office, <i>Standards of Internal Control in the Federal Government</i>, Principle 16, management should establish and operate monitoring activities to evaluate results. Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.</p>
Condition	<p><u>Intake of Final Orders</u></p> <p>In accordance with Agency practices, the OGC Agency Clerk’s Office emails Financial Services copies of HQA final orders as they are issued. Staff waited until all the final orders were received for the day and printed out a copy of each final order. The supervisor handed the printed copies to the staff member responsible for tracking the monetary portion of the order. The staff member reviewed the final orders for any outstanding monetary compliance penalties.</p> <p>This staff member then compared final order information to VERSA to determine if payment was already received. If payment was received, relevant information was then entered into the HAR/CAMS system. If no payment was received, a receivable was recorded in an Excel workbook, called Letter Tracker and in HAR/CAMS. If the final order was paid in full before it was received in Financial Services, it was not listed on the Letter Tracker.</p> <p>Financial Services staff used the Letter Tracker workbook to review HQA final order cases with unpaid financial penalties each week to determine whether payments were received and to determine if collection letters needed to be sent for outstanding monetary penalties that were 40 days past the</p>

FINDINGS AND RECOMMENDATIONS

due date.

From a VERSA report provided by OGC of all final orders issued in calendar year 2018, Internal Audit selected a sample of 120 outstanding monetary penalties from a population of 2,190 fines and fees found in the OGC report and compared it to a listing of 260 items listed in Letter Tracker for the same time period. Testing determined that 14 of these final orders with outstanding monetary penalties which were over 40 days past due were not listed on the Letter Tracker and collection letters were not sent, although these orders were sent to Financial Services by OGC.

Financial Services used Letter Tracker because HAR had limited capability and did not maintain an audit trail history of system entries or changes. Due to the replacement of HAR by CAMS in May 2019, according to Financial Services, as of December 2019, they no longer used Letter Tracker to input and track monetary HQA final order penalties but used CAMS to track monetary penalties instead.

In May 2021, Financial Services provided our Office with a copy of their *Administrative Final Orders Processing/Recording* procedures which notes that CAMS could generate an aging report for outstanding HQA final order penalties that have not been paid. The procedures describe this as a "Current Delinquencies" Report that is used to generate collection letters for past due final order monetary penalties.

Collection Process for Monetary Penalties

At the time of our engagement, final order payments not received by the final order due date were recorded by Financial Services in Letter Tracker and a collection letter would be mailed to the facility approximately 10 days after the due date. If no payments were received after 30 days from the first collection letter, a second and third letter was sent at 30-day intervals. The Protocol has now memorialized the 30-day interval for the second and third collection letter, but there was still no guidance regarding when the first collection letter was to be sent.

FINDINGS AND RECOMMENDATIONS

	<p>Testing determined that collection letters sent to facilities with unpaid monetary penalties were not always sent timely. A test of 43 collection letters showed that only two of 43 initial letters (5%) were sent within 10 days after the due date imposed by the final order. Fourteen of the 43 initial collection letters were sent 26 or more days after the due date imposed in the final order. One initial collection letter was sent 244 days after the final order due date.</p> <p>We also noted Financial Services record-keeping for received payments indicated that data entry errors existed in Letter Tracker. Internal Audit noted that two collection letters were sent by Financial Services after payments were previously received by the Agency. Testing also determined that there were instances in which collection letters evidenced different dates sent than what was listed on the Letter Tracker database.</p> <p>Since our audit testing, the Protocol has been adopted by HQA. Although this Protocol is silent as to the Financial Services intake of final orders from OGC, it establishes new processes for the monitoring of final orders with past due payments. The Protocol requires the HQA Enforcement Unit to run the <i>Open Case Compliance Report</i> bi-weekly to identify all monetary compliance items and email the report summary to Financial Services. Similarly, the <i>Report</i> is run quarterly by HQA Enforcement for all monetary penalties that are 150 days past due. This <i>Report</i> is also provided to Financial Services.</p>
Cause	Financial Services used a manual process for the intake, tracking, and monitoring of HQA final orders with monetary penalties. Procedures have been revised in which HQA now provides Financial Services with the <i>Open Case Compliance Report</i> , to ensure that all HQA final orders with past due monetary penalties are tracked and monitored.
Effect	The manual process utilized by Financial Services was inefficient and ineffective in cataloging all outstanding fines and fees due the Agency. With its use of these previous manual processes for tracking and monitoring these final orders with monetary penalties, the Agency was not collecting fines and fees due. For example, Financial

FINDINGS AND RECOMMENDATIONS

	<p>Services failure to include the 14 final orders identified in our testing resulted in a total of \$38,100 not identified for collection by the Agency. As of May 2021, nine of the 14 facilities had not paid their fines and fees, totaling \$31,600.00, including two of the nine facilities which are still licensed by the Agency despite \$2,000 in outstanding penalties.</p>
Recommendation	<ol style="list-style-type: none"> 1. We recommend that Financial Services use the system-generated <i>Open Case Compliance Report</i> derived from VERSA to identify any new HQA final orders filed and monitor final orders with outstanding monetary penalties due to the Agency in accordance with the Protocol. 2. We recommend that Financial Services follow the provisions in the <i>Administrative Final Orders Processing/Recording</i> procedures which note that CAMS can generate a “Current Delinquencies” aging report for outstanding HQA final order penalties that have not been paid and use CAMS to generate collection letters for past due final order monetary penalties.
Management Response	<p>Financial Services Response:</p> <ol style="list-style-type: none"> 1. Concur: Financial Services will use the <i>Open Case Compliance Report</i> to aide in identifying new HQA Final orders and monitor outstanding monetary penalties due on a bi-weekly basis. 2. Concur: <ol style="list-style-type: none"> a. Implemented. Financial Services is using the <i>CAMS Delinquency Aging Report</i> to monitor past due final orders. b. Financial Services is working with Paul’s Consulting firm to enhance the system to print past due collection notices from CAMS. <p><i>Contact: Eileen Lin, Chief of Financial Services</i></p> <p>HQA Response:</p> <ol style="list-style-type: none"> 2. Concur. Since the Protocol was put into place, Financial Services indicates there are enhancements with a new

FINDINGS AND RECOMMENDATIONS

	<p>system, CAMS. HQA will work with Financial Services to reconcile VERSA and CAMS and update the Protocol to share reports and system access to CAMS to ensure both systems are accurate.</p> <p><i>Contact: Ryan Fitch, Chief of Central Services</i></p>
Anticipated Completion Date	August 31, 2021

FINDINGS AND RECOMMENDATIONS

Finding 3: Efficiency of Updating Final Order VERSA Payment Information

Finding Statement	Different entry points in processing final order monetary penalties in Financial Services and HQA resulted in some delays in posting payment information into VERSA.
Criteria	<p>In accordance with Government Auditing Standards (GAGAS) principles, management and officials of government programs are responsible for providing reliable, useful, and timely information for transparency and accountability of these programs and their operations.</p> <p>A government program or activity is efficient when it gets the most value from available resources. Examination of efficiency focuses on whether resources used to administer an activity have been put to optimal or satisfactory use, or whether the same or similar results could have been achieved timelier or with fewer resources.</p>
Condition	<p>Payments for monetary penalties associated with HQA final orders were received by both HQA Enforcement and Financial Services.</p> <p>HQA Enforcement uses the VERSA system to monitor monetary and non-monetary penalties imposed by HQA final orders and to track completion. In contrast, Financial Services uses HAR/CAMS and the Past Due Letter Tracker workbook to record, track, and monitor the payments for HQA final order payments.</p> <p>When monetary penalties are imposed by the final order, the order itself notes that checks are to be made payable to the Agency and should be sent to the HQA Central Intake Unit. In addition, the Enforcement Unit within HQA Central Services is responsible for updating the disposition status once compliance items, such as monetary penalties, have been completed.</p> <p>However, in accordance with Agency procedures, if payment has not been received at the Agency, Financial Services will contact the facility and generate an initial demand for payment. Additional second and third demands for payment are sent by Financial Services 30 days from the date of the previous attempt letter. Financial Services also sometimes</p>

FINDINGS AND RECOMMENDATIONS

directly receives final order monetary penalty payments. When HQA Enforcement receives a check payment for a monetary penalty final order, staff separates the payment from the supporting documentation. The supporting documents are scanned into Laserfiche and indexed by the facility's license type and file number. By comparison, Financial Services emailed payment information to HQA Enforcement, which updates the VERSA Cash and VERSA Enforcement modules. Therefore, the tracking of the monetary penalties imposed by these final orders, must always be captured in VERSA, but is also captured in the Financial Services HAR/CAMS system.

At the time of audit testing, Financial Services staff indicated that they emailed information regarding final order payments to Enforcement staff approximately every two weeks or "whenever they thought about it." HQA Enforcement staff noted that reports were not always timely sent and that in many instances the payment reports contained errors. These errors caused unnecessary delays and required HQA Enforcement to spend time in verifying the submitted information before updating VERSA. Internal Audit confirmed this during fieldwork when reviewing these emails.

Since VERSA is the repository of both monetary and non-monetary HQA final order information and compliance monitoring, Internal Audit conducted testing regarding the turn-around time for penalties to be updated and closed within VERSA. Testing determined a significant difference in how quickly VERSA was updated depending on whether HQA or Financial Services received the payment.

Our Office compared two separate reports, one originating from HAR/CAMS for 10 items and one originating from HQA Enforcement for four payments received in January 2018. The purpose of our testing was to compare the average amount of time to update VERSA and update the case. For payments received directly by HQA Enforcement, it took an average of only two days from receipt of the check to close the case within VERSA. Conversely, for payments received directly by Financial Services, it took an average of 28 days to update the case within VERSA.

FINDINGS AND RECOMMENDATIONS

	<p>Since the adoption of the Protocol, Financial Services is now required to provide a monthly report, including all relevant supporting documentation, to the HQA Enforcement Unit, who will in-turn update the monetary compliance status of the case in VERSA. Since this Protocol was adopted during the conclusion of audit fieldwork, it is unclear whether these procedures have led to more efficient processing of final order monetary penalty payments.</p>
<p>Cause</p>	<p>Prior to the adoption of the Protocol, final order payment information sent from Financial Services to HQA contained report errors and was not sent timely.</p> <p>VERSA is the official database used by HQA to monitor compliance with monetary and non-monetary penalties imposed by a final order. However, VERSA and HAR/CAMS were both used for HQA final order payment information regardless of whether the payments were received directly by Financial Services or HQA Central Intake.</p>
<p>Effect</p>	<p>The use of separate systems and processes for final order monetary penalty payments within the Agency resulted in inaccurate and untimely records regarding outstanding monetary compliance penalties. It also created an inefficient use of staff time and resources.</p>
<p>Recommendation</p>	<ol style="list-style-type: none"> 1. We recommend that Financial Services work with HQA to process final order monetary penalty payments more efficiently. In general, payments received should arrive and be processed by HQA Central Intake as the single point of entry for monetary final order payments. Collection letters should be revised to be consistent with the payment address in the initial final order. 2. For any payments received by Financial Services, we recommend that Financial Services provide a bi-weekly report to HQA Enforcement, rather than the monthly report contemplated by the Protocol. This report should include relevant supporting documentation to update VERSA, as required by the Protocol.

FINDINGS AND RECOMMENDATIONS

<p>Management Response</p>	<p>Financial Services Response:</p> <ol style="list-style-type: none"> 1. Concur: Financial Services will update the past due collection letters address referenced in the final orders. 2. Concur: A weekly report will be provided to reflect payments received by BFS to ensure payments are being posted in VERSA in a timely manner. <p><i>Contact: Eileen Lin, Chief of Financial Services</i></p> <p>HQA Response:</p> <p>Concur. HQA Enforcement Unit agrees with Recommendations 1 and 2. The Cash Receipts Report does seem to come more frequently (approximately bi-weekly) from Financial Services, but some errors sometimes do appear in the data.</p> <p><i>Contact: Ryan Fitch, Chief of Central Services</i></p>
<p>Anticipated Completion Date</p>	<p>September 30, 2021</p>

FINDINGS AND RECOMMENDATIONS

Finding 4: VERSA Updates of Monetary Compliance Penalties

Finding Statement	Final order monetary compliance penalties were not always updated or closed appropriately in VERSA.
Criteria	The Bureau of Central Services Enforcement Unit staff are responsible for entering the activity, discipline, compliance, and disposition outlined by the issued final order within VERSA. The Enforcement Unit is also responsible for updating the case disposition status once all compliance penalties have been completed.
Condition	<p>From a VERSA report provided by OGC of all final orders issued in calendar year 2018, Internal Audit selected a sample of 21 outstanding monetary penalties for further analysis from a population of 2,190 fines and fees found in the OGC report.</p> <p>As of May 2019, seven cases (33%) remained open in VERSA despite payment receipt. Of the remaining 14, 13 had no payments received and the remaining one had other non-monetary penalties that prevented case closure.</p> <p>As an example, one case had full final order payment received on January 9, 2018. Payment information was updated in VERSA, but the case was not closed, even though there were no other outstanding compliance penalties. A second payment for the same penalty was received in error on June 27, 2019, and the case was closed the next day. HQA took 535 days to close the case in VERSA after the Agency's receipt of the first complete payment. The second payment was applied to the facility's renewal fee.</p> <p>In another example, a final order was updated in VERSA four months after the final order was issued. In this case, the final order was emailed to HQA Enforcement on September 17, 2018, but was not updated in VERSA by HQA Enforcement staff. Instead, VERSA was updated by OGC staff on January 11, 2019. The due date of the fine was entered in error by OGC staff as October 17, 2019, one full year after the correct final order due date. As a result, Financial Services followed up with the facility based on the incorrect due date and payment was finally received on July 29, 2020.</p>

FINDINGS AND RECOMMENDATIONS

	<p>This error was not discovered by OGC, Financial Services, or HQA Enforcement. The due date was only corrected by OGC staff when Internal Audit brought this matter to their attention during audit testing.</p>
<p>Cause</p>	<p>Issues with communication, manual processes, and not using reports (including system generated reports) to reconcile payments between HQA and FS resulted in errors such as completed final order compliance penalties not appropriately closed in VERSA remaining undetected for several months.</p>
<p>Effect</p>	<p>The data entry errors and omissions waste staff time and Agency resources to identify and correct. Agency reputation is adversely impacted as well.</p>
<p>Recommendation</p>	<ol style="list-style-type: none"> 1. We recommend that, as contemplated by the Protocol, the Final Order Process Workgroup meet monthly to discuss appropriate data entry of final orders in VERSA to include monetary compliance items. The Workgroup should include not only staff referenced in the Protocol - the Office of the Deputy Secretary of HQA, the Enforcement Unit, and OGC, but also include a member of Financial Services. 2. We also recommend HQA update the provisions set forth in the Protocol in which the Workgroup facilitator distribute follow-up action items as needed on any identified issues to include representation from the Bureau of Financial Services and monetary compliance items.
<p>Management Response</p>	<p>HQA Response</p> <p>1 and 2. As the Protocol was put into place over two years ago when there was a significant list of overdue monetary and non-monetary compliance items, HQA is in the process of updating the Protocol and proposes that the Final Order Process Workgroup meet only as needed as compliance items are now tracked through reports shared through email. We believe the Workgroup can be handled through email as long as clear communication is kept and staff are clear on their roles.</p> <p>A new report was recently created, the <i>Miscellaneous Sales Payment Revenue Report</i>, to catch these errors. Additionally, the <i>Final Order Compliance Report</i> has been enhanced. HQA</p>

FINDINGS AND RECOMMENDATIONS

	<p>Enforcement Unit plans on using both reports at least monthly to ensure that Final Orders are paid in full and are closed timely.</p> <p>The Protocol specifies that Final Orders with overdue monetary compliance items will be sent to collections approximately 120 days from the payment due date by Financial Services. HQA Enforcement Unit is working with Financial Services to receive HAR/CAMS reports to reconcile with VERSA records so discrepancies could be discussed. The report will be provided in the interim while HQA staff are in the process of receiving view access to CAMS.</p> <p>Contact(s): <i>Ryan Fitch, Chief of Central Services; Donah Heiberg, Acting Chief of Field Operations; and Laura MacLafferty, Chief of Health Facility Regulation</i></p>
Anticipated Completion Date	In-Progress

FINDINGS AND RECOMMENDATIONS

Finding 5: Misidentified Final Order Payments

Finding Statement	Financial Services staff sometimes misidentified and misclassified HQA final order payments.
Criteria	<p>HQA final order payments, which were received in Financial Services' Cash Room were sorted into batches according to payment type. Examples of payment types include MAR Restitution, Drug Rebates, Office of Plans and Construction payments, and HQA payments. Accountants responsible for a specific type of payment verify if the checks belonged to a specific payment type and check batch total. Staff then signed the batch sheet acknowledging verification.</p> <p>HQA final order payments were then logged into HAR/CAMS by Financial Services accountants and scanned into Laserfiche by Cash Room staff. Prior to the adoption of the Protocol, approximately once a month Financial Services staff downloaded a final order payment spreadsheet from HAR/CAMS to send to HQA Enforcement so HQA staff could update facilities' compliance payments in VERSA.</p>
Condition	<p>While conducting testing to determine the timeliness of final order payment posting in VERSA, we identified 13 misclassified payments out of 341 payments. The HQA final order payments were misclassified as MAR payments by Financial Services staff and deposited as MAR payments instead of as HAR/CAMS payments. The MAR system is used primarily to log Medicaid reimbursement payments. Further review of these 13 checks indicated that HQA Enforcement was not informed of the misidentified payments until they were correctly logged into HAR/CAMS by Financial Services.</p> <p>An average of 12 days was required for the payments to be correctly identified and logged into HAR/CAMS by Financial Services' staff. Due to the misclassification errors, there was an average delay of 64 days in Financial Services sending an email to HQA Enforcement, including two cases of delays of about 200 days.</p> <p>The payments were misidentified despite the fact that 11 of the 13 checks either included the final order case number on the face of the check or other identifying information, such as copies of the final order or the collection letter sent by Financial</p>

FINDINGS AND RECOMMENDATIONS

	<p>Services. In five instances, the misidentified payment included two or more pieces of payment information.</p> <p>Internal Audit comparison of Medicaid final orders to HQA final orders determined that HQA final orders used certain key phrases that are not used within Medicaid final orders. Also, MPI final order case numbers are 11 digits in length, while HQA final order numbers are only ten digits. These differences were relayed to Financial Services by Internal Audit to help them to better identify different types of final orders in the future.</p>
Cause	Financial Services did not utilize certain identifiers such as key phrases or case digit length to readily identify HQA final order payments. No other unique identifiers existed on the face of the final order or collection letter to allow for easier recognition of the specific final order type by Financial Services staff.
Effect	The final order payment misclassification delayed accurate posting and recording of facility final order payments. Recording delays caused extra work for Agency staff.
Recommendation	We recommend that HQA and OGC work together to create a unique HQA and MPI identifier on the final order that would help distinguish between the various final orders. For example, using the acronyms HQA and MPI as part of the final order number will allow for easier identification of such orders by Cash Room staff.
Management Response	<p>Financial Services and HQA Response:</p> <p>Financial Services and HQA have worked together and confirmed there is a unique identifier in place between HQA and MPI final orders. A dash after the first four numbers is present in MPI final orders and not present in HQA final orders. Financial Services has already provided training to staff to identify the differences and we believe the issue has been successfully resolved.</p> <p>Contact(s): <i>Eileen Lin, Chief of Financial Services; Kelly Bennett, Chief of Medicaid Program Integrity; and Ryan Fitch, Chief of Central Services</i></p>

FINDINGS AND RECOMMENDATIONS

Anticipated Completion Date	HQA: Discussions will be completed no later than 90 days from the final report on this matter.
	Financial Services: October 31, 2021

FINDINGS AND RECOMMENDATIONS

Finding 6: Obsolete Compliance Requirements

Finding Statement	HQA final orders with certain obsolete compliance requirements were issued by OGC.
Criteria	<p>The Agency licenses relevant health care facilities in accordance with Chapter 408, Part II, and applicable administrative rules. Section 408.804, F.S., notes that a license must be displayed in a conspicuous place at the address that appears on the license and may not be altered. Further, Section 408.812, F.S., prohibits unlicensed activity and provides penalties for any person or entity operating without a valid license.</p> <p>Prior to 2015, licenses were printed on tamper-resistant security paper and mailed to the facility. Watermarks or hidden security features would identify whether the license was an original or a copy. A printed license is no longer mailed to the facility. Currently, HQA only emails a PDF of the license to the facility.</p>
Condition	<p>During audit fieldwork, Internal Audit reviewed 37 final orders in VERSA from 2018 with a penalty requiring the return of the issued license. These final orders stated, “the petitioner shall promptly return the license certificate.”</p> <p>Testing indicated that 26 of these 37 (70%) final orders requiring licensure return were still open in VERSA at the time of our review in June 2019. The remaining 11 final orders were closed in VERSA.</p> <p>As part of previous licensing and registration practices, facilities were issued "unique" or original licenses that were printed on tamper-resistant security paper that prevented photocopies. Watermarks or hidden security features would identify whether the license was an original or a copy.</p> <p>As of 2015 when HFR began the revised practice of emailing a PDF copy of the license to the facility, a return of these licenses was no longer a meaningful penalty. Despite this, final orders were still issued with penalties requiring return of the physical copy of the license to the Agency.</p> <p>HFR staff stated that they contacted OGC in June 2019 to discontinue the use of this final order non-monetary compliance penalty. They also stated that they stopped tracking these</p>

FINDINGS AND RECOMMENDATIONS

	penalties in VERSA around January 2020. However, as of April 2021, final orders were still being issued requiring the return of the license certificate.
Cause	According to HQA staff, in 2015, the Agency began to issue only electronic copies of a facility license. This allowed the facility to receive their license more quickly. HFR staff stated they contacted OGC in June 2019 to discontinue the use of this final order compliance penalty. However, as of April 2021, final orders were still being issued requiring the return of the license certificate.
Effect	The issuance of an outdated final order compliance penalty that cannot be effectively accomplished creates unnecessary work for staff who are responsible for monitoring completion of these compliance penalties.
Recommendation	<ol style="list-style-type: none"> 1. We recommend that both HFR and OGC ensure the "Return License" non-monetary compliance penalty is no longer used in HQA final orders and that final order language is updated to note that the license is null and void and can no longer be used. 2. We also recommend that any current "Return License" compliance penalties be closed in VERSA by HQA staff.
Management Response	<p>HQA Response:</p> <p>HFR agrees that the return license compliance penalty is obsolete and will work with OGC to ensure it is no longer used. The return license compliance penalty will be closed in VERSA as it is identified on the monthly report as it is no longer applicable. OGC recommends a statutory change in 408.81, F.S. to clarify a provider should notify the Agency of discontinuance of operations instead of surrendering the physical license.</p> <p>Contact(s): <i>Laura MacLafferty, Chief of Health Facility Regulation and Ryan Fitch, Chief of Central Services</i></p>
Anticipated Completion Date	In-Progress

PROJECT TEAM

Joann Hartmann, CIGA, conducted the audit under the supervision of Steven Henry, Senior Management Analyst Supervisor, JD, CGAP, CIGA, and Pilar Zaki, Audit Director, JD, CIGA.

FINAL COMMENTS

Internal Audit would like to thank the management and staff of the Agency's Division of Health Quality Assurance, Bureaus of Central Services, Health Facility Regulation, and Field Operations, as well as the Division of Operations, Bureau of Financial Services, and the Office of General Counsel for their assistance and cooperation extended to us during this engagement.

The Agency for Health Care Administration's mission is
Better Health Care for All Floridians.

The Inspector General's Office conducts audits and reviews of Agency programs to assist the Secretary and other agency management in fulfilling this mission.

This engagement was conducted pursuant to Section 20.055, Florida Statutes, and in accordance with the *International Standards for the Professional Practice of Internal Auditing* as established by the Institute of Internal Auditors. Please address inquiries regarding this report to the AHCA Audit Director at (850) 412-3990.

Copies of final reports may be viewed and downloaded via the internet at:
ahca.myflorida.com/Executive/Inspector_General/Internal_Audit/audit.shtml.

Copies may also be requested by telephone (850) 412-3990, in person, or by mail at Agency for Health Care Administration, 2727 Mahan Drive, Mail Stop #5, Tallahassee, FL 32308.