



RON DESANTIS
GOVERNOR

SIMONE MARSTILLER
SECRETARY

September 30, 2021

Ms. Simone Marstiller, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Marstiller,

Enclosed is a six-month status report on the Auditor General's *State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards*, Report No. 2021-182, issued March 2021. This status report is issued in accordance with the statutory requirement to report on corrective actions resulting from the Auditor General's recommendations six months from the report date.

If you have any questions about this status report, please contact Pilar Zaki, Audit Director, at 412-3986.

Sincerely,

Mary Beth Sheffield

Mary Beth Sheffield
Inspector General

MBS/sgb

Enclosure: Six-Month Status Report on AG Report No. 2021-182

cc: Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General, EOG
Tom Wallace, Deputy Secretary, Division of Medicaid
Cody Farrill, AHCA Chief of Staff
Tiffany Vause, AHCA Deputy Chief of Staff
Pilar Zaki, AHCA Audit Director



**Florida Agency for Health Care Administration
Auditor General FY 2019-20 Federal Awards Audit (Report# 2021-182)
Six-Month Status Report as of September 30, 2021**

Finding# 2020-040	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2021	Management Response as of September 30, 2021 and Agency Contact
<p>FAHCA records did not evidence that periodic reviews of the appropriateness of Florida Medicaid Management Information System (FMMIS) user access privileges were always completed or that access privileges were timely deactivated when access was no longer needed.</p>	<p>We recommend that FAHCA management strengthen controls to ensure that periodic reviews of FMMIS access privileges are adequately performed and documented in FAHCA records. We also recommend that FAHCA management enhance controls to ensure that FMMIS user access privileges are deactivated immediately upon a user's separation from FAHCA employment.</p>	<p>To ensure that documentation for periodic review of the Medicaid Enterprise User Providing System (MEUPS) timely terminations is properly archived:</p> <ol style="list-style-type: none"> 1. FAHCA will re-train Staff on documented procedures. 2. FAHCA will add procedures to include a monthly process to verify supporting documentation for log entries is properly archived. <p>To ensure timely deactivation of FAHCA internal MEUPS user access, the following actions will be taken:</p> <ol style="list-style-type: none"> 1. FAHCA will create a 'New Org/Department Owners' Tip Sheet providing an overview of the provisioning process, links to MEUPS documents and requirements for transfers and access terminations. 2. A FAHCA IT Help Desk ticket-based task will be assigned to MFAO during the FAHCA workforce member termination process. 3. FAHCA's procedures will be modified to: <ol style="list-style-type: none"> a) Terminate applicable MEUPS access upon receipt of ticket and b) Follow FAHCA IT Help Desk Ticket task resolution procedures. 	<p>Fully Corrected</p>	<p>Corrective Action Plan (CAP): To ensure timely deactivation of FAHCA internal MEUPS user access, the following actions will be taken:</p> <ol style="list-style-type: none"> 1. FAHCA will create a 'New Org/Department Owners' Tip Sheet providing an overview of the provisioning process, links to MEUPS documents and requirements for transfers and access terminations. <ul style="list-style-type: none"> • Tip sheet completed and posted to the MFAO Systems SharePoint site May 3, 2021 2. A FAHCA IT Help Desk ticket-based task will be assigned to MFAO during the FAHCA workforce member termination process. <ul style="list-style-type: none"> • The FAHCA IT Help Desk ticket-based task process was implemented May 3, 2021. 3. FAHCA procedures will be modified to: <ol style="list-style-type: none"> a) Terminate applicable MEUPS access upon receipt of ticket. <ul style="list-style-type: none"> • Procedures updated in the MFAO Operations and Maintenance (O&M) Security Procedures Guide (Section 2 Daily AHCA Termination Reviews) and posted the MFAO Systems SharePoint site May 20, 2021. b) Follow FAHCA IT Help Desk Ticket task resolution procedures. <ul style="list-style-type: none"> • Procedures implemented May 11, 2021.

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				<p>The CAP was completed and fully implemented on May 20, 2021.</p> <p>Carla Sims (850) 412-4013</p>

Finding# 2020-041	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2021	Management Response as of September 30, 2021 and Agency Contact
<p>FAHCA records did not evidence that site visits of Medicaid program providers were conducted in accordance with Federal regulations.</p>	<p>We recommend that the FAHCA enhance controls to ensure that providers seeking enrollment in the Florida Medicaid program receive site visits in accordance with Federal regulations. In addition, we recommend that the FAHCA revalidate the enrollment of providers in all service locations at least every 5 years in accordance with Federal regulations.</p>	<p>For the claims identified in this audit, FAHCA's Financial Services Bureau will report the prior period adjustment (PPA) for the federal share (FS) of \$32,358.85 on the Q2-2021 CMS-64 Line 10A.</p> <p>Human error is the cause of Medicaid providers getting renewed without state review and the Medicaid providers prematurely activated. The FAHCA will:</p> <ol style="list-style-type: none"> 1. Provide re-training to the FAHCA staff and Fiscal Agent staff who erroneously allowed providers to renew when enrollment/revalidation occurs. 2. Modify the FMMIS user interface to not allow approval of revalidation without proof of State review. <p>There is a Risk Based Screening (RBS) workgroup currently working on re-evaluating</p>	<p>Fully Corrected</p>	<p>CAP:</p> <ol style="list-style-type: none"> 1. Make Prior Year Adjustment: Prior Period Adjustment (PPA) for the federal share (FS) of \$32,358.85 was reported on the Q1-2021 CMS-64 Line 10A. <ul style="list-style-type: none"> • Completed and verified May 19, 2021 2. Mitigate Human errors in processing <ul style="list-style-type: none"> • Provide re-training to staff. • Completed June 20, 2021 • Modify user interface (UI) to not allow application approval without a Site visit when required. • Implemented August 27, 2021 3. Correct/Modify Risk level for Provider Types not aligned with CMS <ul style="list-style-type: none"> • Agency workgroup tasked with re-evaluating RBS categories. • Completed March 30, 2021

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Finding# 2020-041	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2021	Management Response as of September 30, 2021 and Agency Contact
		<p>the RBS categories for State provider types. Upon completion of their analysis, FMMIS will be modified to correct the Risk categories of some Provider Types.</p> <p>Set up a workgroup to evaluate the State's current protocol for revalidating providers with multiple locations. The workgroup will consult with CMS on the requirements, as well as inquire as to how other states handle revalidating providers with multiple locations. Appropriate FMMIS system changes as well as Operational procedures will be modified accordingly.</p>		<ul style="list-style-type: none"> • Modify Risk Levels according to workgroup recommendations. • Implemented August 27, 2021. <p>4. Evaluate State's protocol for site visit requirement at revalidation for providers with multiple locations.</p> <ul style="list-style-type: none"> • Per CMS' direction, this was not required. "At revalidation, for the base provider and its 99 branches, the State Medicaid Agency has the discretion to determine the location at which the state (or state's contractor) will perform the site visit. They are not required to perform 99 site visits." <p>Carla Sims (850) 412-4013</p>

Finding# 2020-042	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2021	Management Response as of September 30, 2021 and Agency Contact
<p>The FAHCA did not ensure that all external quality review activities were performed in accordance with Federal requirements.</p>	<p>We recommend that the FAHCA ensure that EQR activities, including compliance reviews, are conducted in accordance with Federal regulations.</p>	<p>FAHCA is strongly committed to, and is performing, ongoing and intensive monitoring of its contracted Medicaid managed care plans. FAHCA ensures that routine and continuous compliance reviews occur on a more frequent basis than established through the minimum managed care rule</p>	<p>Partially Corrected</p>	<p>As previously indicated, during the timeframe in question, numerous required EQR activities were reviewed. However, despite this intensive and comprehensive monitoring, we previously concurred that, in the period prior to 2019, we had not monitored some of the aspects required by the federal Centers for</p>

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		<p>requirements. There are several key areas of the managed care rule reviewed on a more frequent basis such as monthly, quarterly, annually, and as needed. In addition, FAHCA focuses considerable resources on targeted reviews of areas of emerging concern, which may be identified through review of routine reports and data, complaints and grievances, or other stakeholder feedback. During the timeframe in question, the following are examples of required EQR activities that were reviewed:</p> <ol style="list-style-type: none"> 1. Enrollee Complaints, Grievances and Appeal Reports – reviewed monthly 2. Provider Network Monitoring (including online provider directory, contractual ratios, time and distance reviews and secret shopper activities) – reviewed monthly and quarterly 3. Encounter Submission Timeliness and Accuracy Reviews – reviewed monthly 4. Utilization Management – Service Authorization Performance Outcome – reviewed monthly 5. Long-Term Care Enrollee Record Reviews – reviewed quarterly 6. Healthcare Effectiveness Data and Information Set Measures – reviewed annually 7. Timely Personal Health Information Disclosures – reviewed as submitted 8. Subcontractor Delegation Changes – reviewed as submitted 9. Medicaid Fair Hearing Compliance Reviews – reviewed as submitted 		<p>Medicare and Medicaid Services. We have since studied the requirements and have taken steps to ensure our EQR vendor has all the data needed to perform activities in accordance with Federal requirements. We have also created a plan to complete all mandatory monitoring.</p> <p>Based on discussion with the auditors, we understand that the three-year period will always be a “rolling” three-year look-back, and thus our comprehensive monitoring plan will not yield full compliance until the audit that encompasses 2020-2021. Despite this, we are confident that a close review of the Agency oversight of the managed care plans will show that it is not only comprehensive but that the approach to targeted monitoring yields far higher health plan performance and member outcomes than a monitoring approach that simply adheres to the minimum federal requirements.</p> <p>Anticipated Completion Date: April 30, 2022</p> <p>Carla Sims (850) 412-4013</p>
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		<p> Despite this intensive and comprehensive monitoring, we concurred that, in the period prior to 2019, we had not monitored some of the aspects required by the federal Centers for Medicare and Medicaid Services. We have studied the requirements and created a plan to complete all mandatory monitoring, in addition to the other comprehensive monitoring we conducted, during the time period December 2018 (the start of the new contracts) - December 2021. We interpreted this as meeting the three-year monitoring requirement. Based on discussion with the auditors, we now understand that the three-year period will always be a “rolling” three-year look-back, and thus our comprehensive monitoring plan will not yield full compliance until the audit that encompasses 2020-2021. Despite this, we are confident that a close review of AHCA’s oversight of the managed care plans will show that it is not only comprehensive but that the approach to targeted monitoring yields far higher health plan performance and member outcomes than a monitoring approach that simply adheres to the minimum federal requirements. </p>		
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Finding# 2020-043	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2021	Management Response as of September 30, 2021 and Agency Contact
<p>The FAHCA did not ensure that cost report audits were conducted in accordance with the approved Florida Medicaid State Plan and Federal regulations.</p>	<p>To ensure compliance with Federal regulations and the approved Medicaid State Plan, we recommend that FAHCA management ensure that cost reports audits are conducted in accordance with GAAS.</p>	<p>The Generally Accepted Auditing Standards (GAAS) are not an applicable measure of auditing the Medicaid cost reports. The GAAS are utilized when auditing financial statements, not reports that also provide statistical information or other data.</p> <p>FAHCA's contracted certified public accounting (CPA) firms utilize AICPA Attestation Standards that allow them to provide an opinion. Attestation standards also allow for assurance of statistical information and other data, which is why these standards are more applicable for auditing Medicaid cost reports.</p> <p>The federal regulation in 42 CFR 447.202 does not specifically require GAAS to be utilized to audit cost report. It only requires "...appropriate audit of records if payment is based on costs of services..."</p> <p>FAHCA will remove all references to GAAS from the applicable state plans in order to align with the examinations and reviews that are conducted by FAHCA's contracted CPA firms.</p>	<p>Fully Corrected</p>	<p>FAHCA has removed all references to the GAAS from the State Plan Amendment which will be effective July 1, 2021. This State Plan Amendment will be submitted to CMS by September 30, 2021.</p> <p>Carla Sims (850) 412-4013</p>

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Finding# 2020-047	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2021	Management Response as of September 30, 2021 and Agency Contact
<p>Internal controls related to the Pharmaceutical Claims Processing System (PCPS) were not always appropriately designed and operating effectively.</p>	<p>We recommend that the FAHCA ensure that the service organization takes timely and appropriate corrective action to resolve the deficiencies noted in the independent service auditor's report.</p>	<p>FAHCA will develop a process to ensure the timely review of the independent service auditor's report and identify and oversee any required corrective action plans. FAHCA will:</p> <ol style="list-style-type: none"> 1. Develop a schedule of expected delivery dates of the independent service auditor's reports. 2. Post schedule to a new SharePoint Calendar 3. Create procedures and processes to send notifications and follow up notifications to FAHCA's report reviewers until verification of the review is complete. 	<p>Fully Corrected</p>	<p>CAP: FAHCA will develop a process to ensure the timely review of the independent service auditor's report; and identify and oversee any required corrective action plans. FAHCA will:</p> <ol style="list-style-type: none"> 1. Develop a schedule of expected delivery dates of the independent service auditor's reports. <ul style="list-style-type: none"> • Completed March 3, 2021 2. Post schedule to a new SharePoint Calendar. <ul style="list-style-type: none"> • Completed March 3, 2021 3. Create procedures and processes to send notifications, and follow up notifications, to the Agency's report reviewers until verification of the review is complete. <ul style="list-style-type: none"> • Procedure guide updated and posted to MFAO Systems SharePoint site (Systems Operations and Maintenance (O&M) Team Procedure Guide V7.0, MFAO Sections 24.3 Schedule Initial e-mail; 24.4 Schedule future delivery; 24.5 Set up follow up reminder; and 24.6 Post Monthly Review. <ul style="list-style-type: none"> • Completed May 3, 2021 <p>Fully Completed May 3, 2021</p> <p>Carla Sims (850) 412-4013</p>