



RON DESANTIS
GOVERNOR

SIMONE MARSTILLER
SECRETARY

September 30, 2022

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. 2022-189, issued March 2022. 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 Karen Preacher, Audit Director, at 412-3968.

Sincerely,

Brian P. Langston
Inspector General

BPL/sgb

Enclosure: Six-Month Status Report on AG Report No. 2022-189

cc: Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General, EOG
Tom Wallace, Deputy Secretary, Division of Medicaid
Julie Madden, Deputy Secretary, Division of Operations
Kim Smoak, Deputy Secretary, Division of HQA
Jason Weida, AHCA Chief of Staff
Karen Preacher, Audit Director



Florida Agency for Health Care Administration
 Auditor General FY 2020-21 Federal Awards Audit (Report# 2022-189)
 Six-Month Status Report as of September 30, 2022

Finding# 2021-077	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
<p>FAHCA records did not evidence that Florida Medicaid Management Information System (FMMIS) user access privileges were timely deactivated when access was no longer needed.</p>	<p>We recommend that FAHCA management enhance employment separation notification controls to ensure that FMMIS user access privileges are deactivated immediately upon a user's separation from FAHCA employment.</p>	<p>The FAHCA concurs. The FAHCA will implement employment separation notification controls to ensure the immediate deactivation of FMMIS user access privileges upon separation from FAHCA employment.</p>	<p>Fully Corrected</p>	<p>The FAHCA has implemented employment separation notification controls to ensure the immediate deactivation of FMMIS user access privileges upon separation from FAHCA employment. The State has completed implementation of all employment separation notification controls, and they are working as anticipated. In addition, policies and procedures have been updated to reflect the new controls.</p> <p>Corrective action completed on June 30, 2022.</p> <p>Medicaid Fiscal Agent Operations Elizabeth Wade (850) 412-3692</p>

**Florida Agency for Health Care Administration
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Finding# 2021-078	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
<p>Certain security controls related to user authentication for the Florida Medicaid Management Information System (FMMIS) need improvement to ensure the confidentiality, integrity, and availability of FMMIS data and related information technology (IT) resources.</p>	<p>We recommend that FAHCA management improve certain security controls related to FMMIS user authentication to ensure the confidentiality, integrity, and availability of FMMIS data and related IT resources.</p>	<p>The recommended functionality is not supported by the current FMMIS provisioning system. However, in order to access the FMMIS, State users must access the State's network, which does contain the recommended security controls.</p> <p>Current State procurements include the recommended functionality requirements.</p>	<p>Partially Corrected</p>	<p>The recommended functionality is not supported by the current FMMIS provisioning system. However, in order to access the FMMIS, State users must access the State's network, which does contain the recommended security controls. Current State procurements include the recommended functionality requirements. The recommended security controls are requirements of the Agency's new Florida Health Care Connection (FX) System and Single Sign On platform. Procurement is in process and Integration is still expected to start mid-2023 and complete by the end of 2024.</p> <p>Estimated Completion Date: 2024</p> <p>Medicaid Fiscal Agent Operations Elizabeth Wade (850) 412-3692</p>

**Florida Agency for Health Care Administration
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Finding# 2021-080	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
<p>The FAHCA did not always ensure that an independent audit of the accuracy, truthfulness, and completeness of encounter data for each health plan was conducted at least once every 3 years nor post the results of financial audits to its Web site.</p>	<p>We recommend that FAHCA management establish policies and procedures requiring an EDV study for each health plan at least every 3 years to ensure the accuracy, truthfulness, and completeness of encounter data and post the results of financial audits on its Web site.</p>	<p>The FAHCA will work in collaboration with its EQRO to develop policies and procedures to ensure that the accuracy, truthfulness, and completeness of encounter data is validated at least once every three years for each plan, during the next three-year cycle (SFY 22/23 – SFY 24/25).</p> <p>The FAHCA currently contracts with two independent CPA firms that conduct audits on the Achieved Savings Rebate financial reports on an annual basis. Audits are conducted after the Annual financial statements are received in May. The CPA firms must submit the Final Audit Reports to the FAHCA by September 1st.</p>	<p>Partially Corrected</p>	<p>The FAHCA is on track to develop the policies and procedures by September 30, 2022. The policies and procedures will describe the state’s process for ensuring the accuracy, truthfulness, and completeness of encounter data is validated at least once every three years for each plan and the process to ensure that the results of financial audits are posted on its website.</p> <p>Medicaid Quality Elizabeth Wade (850) 412-3692</p>

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Finding# 2021-081	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
<p>The FAHCA did not obtain from health plans a report that included all MLR information required by Federal regulations.</p>	<p>We recommend that the FAHCA ensure that the ASR Financial Report obtained from each MCO, PIHP, and PAHP includes all the MLR information required by Federal regulations.</p>	<p>The FAHCA will update the Achieved Saving Rebate Financial Report, specifically the Medical Loss Ratio (MLR) Exhibit, by adding a line for the Credibility Adjustment in order to maintain compliance with that Federal requirement. The FAHCA will also make amendments to the Instructions tab, as well as the MLR Exhibit, to comply with the regulation requiring Health Plans to provide a comparison of MLR information per 42 CFR 438.8(k).</p>	<p>Partially Corrected</p>	<p>The FAHCA continues to work on the previously reported corrective actions. This has not been completed due to staff turnover. The estimated completion date remains December 31, 2022.</p> <p>Medicaid Program Finance Elizabeth Wade (850) 412-3692</p>

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Finding# 2021-082	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
<p>The FAHCA's confidentiality agreement with its fiscal agent did not include required elements in accordance with the NCCI Technical Guidance Manual for Medicaid Services.</p>	<p>We recommend that the FAHCA amend its fiscal agent contract confidentiality agreement to include the elements required by the NCCI Technical Guidance Manual for Medicaid Services.</p>	<p>The FAHCA is currently involved in an active procurement of the Florida Health Care Connections (FX) Core which will process Medicaid Fee-For-Service Claims and Managed Care Encounters, and will contain reference file information such as NCCI Edits. The recommendations will be included in the new FX Core contract, which is expected to be awarded by the end of 2022, and will go live by the end of 2024.</p>	<p>Partially Corrected</p>	<p>The FAHCA is currently involved in an active procurement of the Florida Health Care Connections (FX) Core which will process Medicaid Fee-For-Service Claims and Managed Care Encounters and will contain reference file information such as NCCI Edits. The recommendations will be included in the new FX Core contract, which is expected to be awarded by the end of 2022, and will go live by the end of 2024.</p> <p>FAHCA's Legal and HIPAA Compliance Offices are reviewing the FX Core contract language for inclusion of NCCI confidentiality agreement elements required by the NCCI Technical Guidance Manual for Medicaid Services.</p> <p>Medicaid Fiscal Agent Operations Elizabeth Wade (850) 412-3692</p>

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Finding# 2021-083	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 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>The FAHCA is on track to complete the three-year compliance review by the end of the review period. The three-year compliance review period began in January 2022 and will end in December 2024. The EQRO will begin conducting the review of the state's compliance review activities in January 2025 (i.e., SFY 24/25); therefore, this item cannot be fully corrected until the EQRO reports findings in the Annual Technical Report that is due to the Centers for Medicare & Medicaid Services (CMS) in April 2026.</p>	<p>Partially Corrected</p>	<p>The FAHCA's three-year compliance review period began in January 2022 and will end in December 2024. The FAHCA will then submit compliance review documentation to its EQRO in January 2025 so that the EQRO can begin conducting a review to validate the state's compliance with the compliance review activity.</p> <p>The FAHCA is on track to complete the compliance review; however, this requirement cannot be considered fully corrected until the EQRO reports its findings in the EQR Annual Technical Report that is due to the Centers for Medicare & Medicaid Services (CMS) in April 2026.</p> <p>Medicaid Quality Elizabeth Wade (850) 412-3692</p>

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Finding# 2021-084	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
Internal controls related to the Pharmaceutical Claims Processing System (PCPS) were not always appropriately designed and operating effectively.	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.	The FAHCA received the Magellan (Pharmaceutical Claims Processing System) SOC 1 report in October 2021. The FAHCA met with Magellan and Gainwell (Magellan is a sub-contractor to Gainwell, the Florida Medicaid Fiscal Agent) in December 2021. CAPs were due on January 31, 2022 and were delivered to FAHCA on January 20, 2022. The FAHCA is currently monitoring the completion of the three Magellan Corrective Action Plans.	Fully Corrected	The FAHCA reviewed and confirmed Magellan CAPs completed as of February 14, 2022. Medicaid Fiscal Agent Operations Elizabeth Wade (850) 412-3692

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Finding# 2021-085	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
<p>The FAHCA did not ensure that the subservice organization's internal controls related to the Pharmaceutical Rebate Information Management System (PRIMS) were appropriately designed and operating effectively.</p>	<p>We recommend that, as applicable, FAHCA management make or obtain independent and periodic assessments of the effectiveness of subservice organization controls relevant to PRIMS, such as through the timely and documented review of service auditor reports.</p>	<p>For the first part of the audit period, PRIMS was housed at the New Mexico Data Center (NMDC). Gainwell, the fiscal agent, moved their hosting services from the NMDC to Amazon Web Service (AWS). Since Gainwell canceled their contract with NMDC, NMDC did not perform a SOC audit for PRIMS, which would provide evidence of the effectiveness of relevant service organization controls. The AWS SOC report was submitted to the auditors, which covered the last three months of the audit period.</p>	<p>Fully Corrected</p>	<p>For the first part of the audit period, PRIMS was housed at the New Mexico Data Center (NMDC). Gainwell, the fiscal agent, moved their hosting services from the NMDC to Amazon Web Service (AWS). Since Gainwell canceled their contract with NMDC, NMDC did not perform a SOC audit for PRIMS which would provide evidence of the effectiveness of relevant services organization controls. The AWS SOC report was submitted to the auditors, which covered the last three months of the audit period.</p> <p>The PRIMS is no longer housed at the NMDC and is now hosted by AWS. The Agency will retrieve the SOC reports from the AWS public website upon request.</p> <p>A copy of the AWS SOC Report from the AWS Website was retrieved for the time that the NMDC Contract ended (February 5, 2021) to the end of the audit period (June 3, 2021) A copy of the SOC Report was provided to the auditor. The Agency began retrieving the AWS reports November 9, 2021.</p> <p>Medicaid Fiscal Agent Operations Elizabeth Wade (850) 412-3692</p>

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Finding# 2021-086	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
<p>The list used by the FAHCA to conduct periodic Fraud and Abuse Case Tracking System (FACTS) system user access privilege reviews did not promote an effective review of the appropriateness of all user accounts.</p>	<p>We recommend that FAHCA management complete periodic reviews of the appropriateness of FACTS user access privileges using system-generated lists of user accounts.</p>	<p>The FAHCA concurs. The FAHCA has transitioned to using system-generated lists of user accounts to conduct periodic reviews of FACTS user access privileges, effective March 9, 2022.</p>	<p>Fully Corrected</p>	<p>Information Technology Will Armstrong (850) 412-4849</p>

**Florida Agency for Health Care Administration
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Finding# AM 2021-05	Recommendation	Previous Management Response(s)	Status of Finding as of September 30, 2022	Management Response as of September 30, 2022 and Agency Contact
<p>FAHCA procedures for preparing the Schedule of Expenditures of Federal Awards (SEFA) data form were not sufficient to ensure the accuracy of reported amounts. As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect.</p>	<p>We recommend that the FAHCA enhance procedures to ensure that the data used to prepare the SEFA is correct and the information reported on the SEFA data form is reviewed by management for accuracy and completeness prior to submission to the FDFS.</p>	<p>To ensure the accuracy and completeness of FAHCA's SEFA submission, FAHCA will modify its SEFA reporting procedures. These revised procedures will include steps for pulling data for the closeout period; the types of data, including accruals, that should be pulled; and verification of the FMAP percentage for reported expenditures. If COVID-19 funding is received, procedures will also include steps to separately identify COVID-19 costs on the SEFA reporting form. Management reviews and approves the SEFA prior to its submission to FDFS; however, FAHCA agrees with the recommendation to include management review for accuracy and completeness to its SEFA reporting procedures.</p>	<p>Partially Corrected</p>	<p>Due to staff turnover, the SEFA reporting procedures have not been completely modified. The anticipated completion date is December 31, 2022. The revised procedures will improve the reporting process, will be more informative, and will be sufficient for accurate and complete reporting purposes.</p> <p>The Bureau hired a new Financial Administrator in July 2022. Since that time, staff in the Grants Section as well as the Financial Administrator have reviewed steps in the current SEFA process, noted steps used for the September 2022 SEFA submission, and determined the process for monitoring/error tools.</p> <p>Bureau of Financial Services Sonya Smith (850) 412-3862</p>