



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

December 24, 2014

Elizabeth Dudek, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, Florida 32308

Dear Secretary Dudek:

In accordance with Internal Auditing Standards, attached is the eighteen-month status report from the Bureau of Financial Services and the Division of Health Quality Assurance in response to our report #12-04, *Agency Accounts Receivable Process Audit* published on June 25, 2013.

Management has indicated corrective action has been fully taken for one of the outstanding issues. A detailed description of all issues, recommendations, and management's responses can be found in the attached table. We will schedule another follow-up review in six months to assess the Bureau of Financial Services and the Division of Health Quality Assurance progress towards correcting all remaining open issues.

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

Sincerely,

Eric W. Miller
Inspector General

EWM/mbs
Enclosure

cc: Melinda Miguel, Chief Inspector General, EOG
Jenn Ungru, Chief of Staff
Shelisha Coleman, Press Secretary
Tonya Kidd, Deputy Secretary of Operations
Molly McKinstry, Deputy Secretary of Health Quality Assurance
Anita Hicks, Financial Services Director



**Agency for Health Care Administration
Office of Inspector General – Internal Audit
Report No. and Title: 12-04 Agency Accounts Receivable Process Audit, issued 6/25/13
Eighteen Month Follow-up Status as of December 24, 2014**

No.	Finding	Recommendation	Previous Management Response(s)	Eighteen Month Status Update	Revised Anticipated Completion Date and Contact
1	MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity	In order to send notification letters timely, we recommend the Medicaid Accounts Receivable (MAR) unit clarify circumstances that are acceptable exceptions to their policy of sending late payment notification every 30 days.	Completed	N/A	N/A
2	MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity	We also recommend the new Accounts Receivable System include a means of identifying late payment dates and automatically generating notices if a payment has not been received by set deadlines.	The Bureau of Financial Services (Bureau) plans to have a draft Request For Qualification (RFQ) by late September or early October 2014. <i>Anticipated date of completion: June 30, 2015</i>	The Bureau executed a Direct Order through MyFloridaMarketPlace on July 1, 2014 for consultant services to document and fix existing errors/breaks/issues for all systems and applications used by the Bureau. An Accounts Receivable Team was organized to develop a list of functionalities for a new system. In addition, the Agency included a funding request in its Legislative Budget Request for FY 2015-2016 for the development and implementation of an enterprise system. Progress for fully addressing the recommendation is contingent on the Legislature approving funds for this project. If the Legislature approves funding, it is anticipated the project will take at least three years to complete.	June 30, 2018 Anita B. Hicks (850) 412- 3815
3	MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity	We further recommend that the new accounts receivable system include the ability to generate reports that allow monitoring for payment timeliness. Such reports should include information that shows the chronology of Agency for Health Care	The Bureau plans to have a draft RFQ by late September or early October 2014. <i>Anticipated date of completion: June 30, 2015</i>	See response to #2.	June 30, 2018 Anita B. Hicks (850) 412- 3815

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4	MAR Case Set-up Could Be More Efficient by Importing Provider Information from FMMIS	Administration (Agency) action taken (i.e. Final Order, Final Audit Report, or notification letter), the date of that action, the date(s) the provider is overdue, the number of days an amount is overdue, and if an amount paid complies with the amount owed.	The Bureau plans to have a draft RFQ by late September or early October 2014. <i>Anticipated date of completion: June 30, 2015</i>	See response to #2.	June 30, 2018 Anita B. Hicks (850) 412- 3815
5	Cases Designated for Referral to a Collection Agency May Be Delayed	To improve efficiency and expedite data entry, the new accounts receivable system should consider an interface that would automatically populate these fields from FMMIS.	Completed	N/A	N/A
6	Collection Agency Report Balances Did Not Agree with the Account Balances in the MAR System	In order to enhance prompt collection, we recommend the Bureau develop a written policy or guidelines that meet the approval of the Office of General Counsel (OGC) specifying how frequently the Agency should refer cases to the collection agency.	Completed The MAR Unit received MSB's collection inventory report on December 19, 2013 for the period of August 11, 2011 through December 19, 2013 and NCO's collection inventory report on December 10, 2013 for the period of August 16, 2011 through December 10, 2013. The report from NCO included cases rolled over from the GRC collection agency. The reconciliation of both reports was completed on December	N/A Auditor's note: Bureau staff could not provide reconciliation records for CY 2014. The most recent reconciliation occurred in December 2013. During our next follow-up, we will request evidence that this has become a periodic practice.	N/A

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7	Payment Plan Finalization May Be Delayed	We recommend that the Bureau consider adopting a policy limiting the number of negotiations allowed or setting a deadline so they finalize payment plans more timely.	19, 2013. Auditor's note: This reconciliation was the first performed. Our next follow-up will request evidence that this is a routine practice.	N/A	N/A
8	The Coordination of Restitution Cases Could be Improved between MFCU and F&A	To clarify the roles and responsibilities between Medicaid Fraud Control Unit (MFCU) and Bureau, we recommend that the current Memorandum of Understanding (MOU) be revised specifying: (1) the frequency and documentation for performing periodic reconciliations for open case balances should be performed and documented, and (2) clarification of responsibilities for monitoring delinquent cases, contacting probation officers in cases of delinquent payment by probationers, and referral to a collections agency for non-payment.	Partially Completed During a meeting with the Office of Inspector General and MFCU, the Bureau submitted these recommendations: (1) for a defendant's probationary terms, restitution is included in the terms of probation and probation officers work with the Agency to establish a repayment schedule/plan; (2) a case information sheet be submitted for new case referrals to make it easier to identify the amounts owed to the Agency and to clarify if funds are all state monies; and (3) for collections, provide the defendant's telephone number, last known address, and probation officer name. In the course of follow-up telephone conversations, it was determined that reconciliations would be completed each month on all payments received	Completed Auditor's note: The most recent MOU was signed March 5, 2013. It addressed our concerns.	N/A

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9	Queries Used to Run Reports in OPC Track Billing Are Ineffective	We recommend the new Accounts Receivable System include accurate and relevant queries needed to produce reliable reports for the Office of Plans and Construction (OPC) Track System.	<p>from MFCU. The Agency is currently receiving a spreadsheet of all cases processed each month by MFCU and uses this spreadsheet for reconciliations.</p> <p>A meeting has been set for June 12, 2014, with MFCU to discuss the following: (1) confirm the frequency of reconciliations for collections and how often case reconciliation will be performed; (2) the procedural processes of collections; and (3) clarify the responsibilities for monitoring the delinquent cases</p> <p>Upon completion of the meeting, the parties will draft and approve the MOU to implement the collection procedure change at the beginning of the fiscal year.</p>	N/A	N/A
10	Manual Processes	To improve efficiency and information security, we recommend the new Accounts Receivable System accommodate all accounts receivable types so that the areas can discontinue the use of maintaining accounts receivable in MS Excel.	<p>Completed</p> <p><u>Bureau of Financial Services</u> response: The Bureau plans to have a draft RFQ by late September or early October 2014.</p> <p><u>Health Quality Assurance (HQA)</u> response: Prior to the Bureau staff turnover,</p>	<p><u>Bureau of Financial Services</u> response: See response to #2.</p> <p><u>HQA</u> response: Status remains the same.</p>	<p>June 30, 2018</p> <p>Anita B. Hicks (850) 412-3815</p> <p>Sharon Woodbery (850) 412-4426</p>

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11	<p>Use of Versa as an Accounts Receivable System</p>	<p>We recommend the identified accounts be maintained in the new Accounts Receivable System instead of the Versa system.</p>	<p>HQA worked closely with the Bureau on the system requirements related to HQA receivables specifically PMATF assessments and the OPC Track System. HQA currently works closely with the Bureau on on-line payment issues for the Online Licensing and Background Screening Clearinghouse systems and has a bi-weekly stakeholder meeting on Online Payment and Single Sign-On system issues. The Agency also has monthly strategic planning meetings that discuss automation among other things. Both HQA and the Bureau are represented at these meetings.</p> <p><i>Anticipated date of completion: June 30, 2015</i></p>	<p><u>Bureau of Financial Services</u> response: See response to #2.</p> <p><u>HQA response:</u> Status remains the same.</p>	<p>June 30, 2018</p> <p>Anita B. Hicks (850) 412-3815</p> <p>Sharon Woodbery (850) 412-4426</p> <p>Ryan Fitch (850) 412-3797</p>

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12	Revenue Management's Documentation Processes Are Inconsistent	We recommend Bureau management and staff evaluate current processes and written procedures to identify process improvements such as updating and/or removing unnecessary forms.	Background Screening Clearinghouse and has a bi-weekly stakeholder meeting on Online Payment and Single Sign-On issues. The Agency also has monthly strategic planning meetings that discuss, among other things, automation. Both HQA and Financial Services are represented at these meetings. <i>Anticipated date of completion: June 30, 2015</i>	The evaluation and documentation of our process is currently underway. We are in the process of assigning priority rankings to each process for documentation purposes.	June 30, 2015 Anita B. Hicks (850) 412- 3815