November 5, 2015

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 24-month status report from the Division of Medicaid in response to our report *#13-10, Provider Payment Suspension and Termination Processes Review* published on November 5, 2013.

To guide Medicaid in evaluating the enrollment of providers with previous contractual terminations, the Provider Eligibility and Compliance Unit (formerly known as the Fraud Prevention and Compliance Unit) has submitted written procedures to Medicaid management for their review and approval. Additional clarification has been requested by management and they anticipate approving the procedures by November 30, 2015. All status updates are considered complete and there will be no further follow-up.

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

Sincerely,

Eric W. Miller
Inspector General

EWM/szg
Enclosure
cc: Melinda Miguel, Chief Inspector General, EOG
Toby Philpot, Chief of Staff
Mallory Deason, Director of Communications
Justin Senior, Deputy Secretary of Medicaid

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

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
1	Overlap of Job Functions	We recommend that Agency staff and external parties be instructed to refer any questionable or suspicious provider activity related to fraud or abuse to Office of Medicaid Program Integrity(MPI) and the Agency continue to designate MPI as the Office tasked with detecting and investigating fraud and abuse pursuant to Section 409.913, F.S.	**Status as of May 2, 2014:** Completed and on-going. **Status as of November 5, 2013:** Agree but note that this is done on a routine basis through many methods and needn't be further tracked as it is ongoing. Furthermore, where it is not clear whether a matter is related to fraud and abuse (vs. non-compliance) Medicaid staff are encouraged to discuss the matter with the Fraud Prevention and Compliance Unit (FPCU) to assist. *Completed and on-going.*	Completed	Completed
2	Overlap of Job Functions	As the Agency continues to review the organizational structure and duties related to implementing Statewide Medicaid Managed Care (SMMC), we recommend Agency management review perceived areas of overlap, taking into account MPI's statutory duties, to identify opportunities to realign unit functions and increase coordination between FPCU and MPI.	**Status as of May 2, 2014:** Completed and on-going. Reorganization efforts are now focusing on FPCU, with changes to the structure beginning in June 2014 and continuing into Fall 2014. **Status as of November 5, 2013:** Agree but also state that the statutory duties referenced are Agency duties and the Division of Medicaid should continue to be mindful of fraud prevention as we implement SMMC. *Completed and on-going.*	Completed	Completed

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
3	Procedures for Contractual Terminations and Payment Suspensions	We recommend the FPCU establish written policies and procedures for processing contractual terminations and assigning Medicaid providers for pre-payment review (PPR) when contractually terminating them. These policies and procedures should address when to assign providers to PPR, require review and approval by the Fraud Liaison's immediate supervisor for all PPR requests, and require documentation of reasons why a provider is not assigned to PPR.	**Status as of May 5, 2015** Completed 3/30/2015 The Provider Eligibility and Compliance Unit (PECU) (formerly known as Fraud Prevention and Compliance Unit (FPCU)) is now fully integrated within the Bureau of Medicaid Fiscal Agent Operations (MFAO). The unit has developed written protocols and procedures, as recommended, to instruct staff on the process for contractual terminations and pre- payment review (PPR). The function of recommending contractual termination remains with PECU; however, the PPR functions are statutorily required to be assigned to the Bureau of Medicaid Program Integrity. **Status as of November 5, 2014** The reorganization of FPCU is underway and expected to be completed by November or December 2014. FPCU will continue to exist, but functions related to contractual terminations and prepayment review of providers are moving to Medicaid Contract Management and Medicaid Program Integrity, respectively. Once these functions have moved, the individuals who are now responsible	Completed	Completed

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
			will determine how to accomplish these tasks, including how to document the processes. *Anticipated completion date: February 2015* **Status as of May 2, 2014:** The Agency will transition the Medicaid program from a variety of delivery systems (including fee-for-service and managed care) to a primary delivery system known as the Statewide Medicaid Managed Care (SMMC) program. The Agency expects to roll out the SMMC program by late summer. Under the new SMMC program, the overwhelming majority of Medicaid recipients will receive health services via capitated health plans. This transition requires significant reorganization of Medicaid operations as various programs sunset and phase out, while the Agency stands up new organizational units and functions to run the new managed care system. As part of this process, a critical unit studied in this audit, the Fraud Prevention and Control Unit (FPCU), will no longer exist. Its functions will be going to other organizational units within the Agency, including Medicaid Program Integrity, Medicaid Policy and Quality, and Medicaid Contract Management.		

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
			Details of the reorganization, however, have not been finalized. This renders responding to the audit findings here extremely difficult, as many of these issues will be addressed as the Agency reorganizes. The Agency will complete SMMC rollout this summer, and will supply more specific responses to audit findings 3-9 on or before September 30, 2014. *Anticipated Completion Date: September 30, 2014* **Status as of November 5, 2013:** Agree to written policies and procedures but do not agree that the policies and procedures should require approval of PPR assignment, rather, should require approval when PPR will not be assigned concurrent with a termination. *Anticipated Completion Date: January 1, 2014.*		
4	Policies on Approving Contractual Termination, Deactivation, and Stacking Requests	We recommend Medicaid develop a written policy for approving contractual termination, deactivation, and stacking requests	**Status as of May 5,2015** Completed 3/30/2015 PECU (formerly known as FPCU) is now fully integrated within the Bureau of Medicaid Fiscal Agent Operations (MFAO). The unit has developed written protocols and procedures as	Completed	Completed

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
			recommended, to instruct staff on the process for performing contractual terminations, deactivating, and stacking termination requests. The PECU manager has obtained written delegation authority from the Medicaid Director to process deactivations of registered managed care providers and for stacking of a termination or denial code on already terminated or denied applicants. **Status as of November 5, 2014** These processes will be documented by Medicaid Contract Management once the duties are transferred to them in late 2014. *Anticipated completion date: February 2015.* **Status as of May 2, 2014:** See response to #3. *Anticipated Completion Date: September 30, 2014* **Status as of November 5, 2013:** The aforementioned policies and procedures will address, generally, when a termination, deactivation, and stacking recommendation will be processed. No further policy will be written.		

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
			Anticipated Completion Date: January 1, 2014.		
5	Review and Communication of Proposed Contractual Terminations	We recommend that the FPCU develop written policies and procedures for communicating with applicable Agency staff regarding proposed contractual termination requests.	**Status as of May 5, 2015** Completed 3/30/2015 PECU (formerly known as FPCU) is now fully integrated within the Bureau of Medicaid Fiscal Agent Operations (MFAO). The unit has developed written protocols, as recommended to serve as guide to assist staff on the process for contractual terminations. **Status as of November 5, 2014** These processes will be documented by Medicaid Contract Management once the duties are transferred to them in late 2014. *Anticipated completion date: February 2015.* **Status as of May 2, 2014:** See response to #3. *Anticipated Completion Date: September 30, 2014* **Status as of November 5, 2013:** The aforementioned policies and procedures will address, generally, who will be involved in the	Completed	Completed

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
			communication regarding a termination recommendation. No further policy will be written. *Anticipated Completion Date: January 1, 2014.*		
6	Review and Communication of Proposed Contractual Terminations	We recommend that FPCU document the decision making process for contractual terminations.	**Status as of May 5, 2015** Completed 3/30/2015 All contractual terminations are carried out through the instructions of written memorandum. No further/additional documentation will be prepared unless requested by the Medicaid Director (or other Agency management) on a case by case basis. Auditor's Note: Medicaid has accepted the risk of not documenting the decision making process for contractual terminations. **Status as of November 5, 2014** See response to #3. **Status as of May 2, 2014:** See response to #3. *Anticipated Completion Date: September 30, 2014* **Status as of November 5, 2013:** All contractual terminations are carried	Completed	Completed

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
			out through written memo. No further/additional documentation will be prepared unless requested by the Medicaid Director (or other Agency management) on a case by case basis.		
7	Communication with Third Parties	We recommend that Medicaid (with input from MPI and in consultation with the Communications Director) adopt a communications policy to assist in the prevention of premature information disclosure to third parties regarding with cause and without cause terminations. This policy should be approved by senior management and the Communications Director.	**Status as of May 5, 2015** Completed 3/30/2015 PECU (formerly known as FPCU) is now fully integrated within the Bureau of Medicaid Fiscal Agent Operations (MFAO). The unit has developed a written communications policy to assist in the prevention of premature information disclosure to third parties regarding with cause and without cause terminations. **Status as of November 5, 2014** See response to #3. **Status as of May 2, 2014:** See response to #3. *Anticipated Completion Date: September 30, 2014* **Status as of November 5, 2013:** FPCU will work with the Office of the Inspector General (OIG) as we write a communication protocol. FPCU staff has already prepared a draft and is	Completed	Completed

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
			awaiting comments from MPI. *Anticipated Completion Date: January 1, 2014.*		
8	Communication with Third Parties	We recommend that Medicaid educate all employees on inappropriate information disclosure to third parties.	**Status as of May 5, 2015** Completed 3/30/2015 Protocols have been developed for educating staff on how to appropriately handle third party inquiries. This will allow for consistent and accurate dissemination of information. PECU protocols are located in the Medicaid Director's share drive and can be accessed by the PECU staff. **Status as of November 5, 2014** See response to #3. **Status as of May 2, 2014:** See response to #3. *Anticipated Completion Date: September 30, 2014* **Status as of November 5, 2013:** FPCU will work with the OIG as we write a communication protocol. FPCU staff has already prepared a draft and is awaiting comments from MPI.	Completed	Completed

No.	Finding	Recommendation	Previous Management Response(s)	Twenty-Four Month Status Update	Anticipated Completion Date and Contact
			Anticipated Completion Date: January 1, 2014.		
9	Enrollment Process for Providers with Previous Contractual Terminations	We recommend the Prevention and Provider Focus Sub-committee of the Fraud Steering Committee develop written procedures to guide Medicaid in evaluating the enrollment of providers with previous contractual terminations.	**Status as of May 5, 2015** Anticipated Completion Date: 6/30/2015 The PECU will be submitting written recommendations for Medicaid management's approval regarding procedures for evaluating the enrollment of providers with previous contractual terminations. **Status as of November 5, 2014** See response to #3. **Status as of May 2, 2014:** See response to #3. *Anticipated Completion Date: September 30, 2014* **Status as of November 5, 2013:** The Sub-committee is working on this. *Anticipated Completion Date: July 1, 2014.*	Written draft procedures have been submitted to Medicaid management. Additional clarification has been requested by management regarding evaluation of enrollment for providers with previous contractual terminations. *Anticipated Completion Date: November 30, 2015*	Adolfo Garcia (305) 593-3023