



RICK SCOTT
GOVERNOR

JUSTIN M. SENIOR
SECRETARY

November 3, 2017

Mr. Justin M. Senior, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, Florida 32308

Dear Secretary Senior:

In accordance with Internal Auditing Standards, attached is a final status update from the Division of Medicaid in response to our report *#16-14 Review of Medicaid Aid Category Rate Assignments*, published on November 3, 2016.

Management has indicated corrective action has been completed for all of our report issues. A detailed description of all issues, recommendations, and management's responses can be found in the attached table.

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

Sincerely,

Mary Beth Sheffield
Inspector General

MBS/pz

Attachment

cc: Sherrill F. Norman, Auditor General
Toby Philpot, Chief of Staff
Mallory McManus, Communications Director
Beth Kidder, Deputy Secretary of Medicaid
Abby Riddle, Assistant Deputy Secretary for Medicaid Operations
Gay Munyon, Chief of Medicaid Fiscal Agent Operations



Agency for Health Care Administration
Office of Inspector General – Internal Audit
Report Title: Review of Medicaid Aid Category Rate Assignments
Report #: 16-14, issued November 3, 2016
Final Follow-up Status on November 3, 2017

No.	Finding(s)	Recommendation(s)	Previous Management Response(s)	Status Update, Anticipated Completion Date and Contact
1	<p>The Systems Readiness (SRT) project team did not appear to include representation, input, or coordination from other units or bureaus like the Bureau of Medicaid Data Analytics (MDA) in writing the business requirements and testing the Medical Managed Assistance (MMA) Customer Service Request (CSR). Four out of the five members of the SRT were from one Medicaid bureau. There were no team members from MDA or other bureaus that could have provided input about the aid categories and related rate cell configuration.</p>	<p>Project management teams tasked with writing the business requirements for CSRs with large systems implications include representation, communication, or greater coordination from other bureaus impacted by the CSR.</p>	<p><u>Status as of November 3, 2016:</u></p> <p>Although the larger Systems Readiness Team did include members from various bureaus within Medicaid, including Medicaid Data Analytics, it appears that the sub-team for the CSR creation did not. The Projects and Process Improvement Unit has updated its program policies and processes accordingly to make sure that every project-managed team has members from every appropriate Medicaid bureau.</p> <p>The Projects and Process Improvement Unit (PPIU) currently ensures that project managed teams have adequate representation from all impacted bureaus/units. The PPIU uses an Initial Sponsor Checklist when interviewing the project sponsor regarding the purpose and objective of each new project. Two questions on the checklist ask about potential systems changes to the Agency and to the plans. Another question asks about representation on the team based on bureaus/units impacted by the project.</p> <p><i>Completed: November 3, 2016. Stacey Wolf, PPIU, Medicaid.</i></p>	Completed
			<p><u>Status as of May 3, 2017:</u></p> <p>Changes were made to the previously identified process prior to completion, as indicated below: MFAO will request that for each FMMIS project, a representative from each potentially impacted Medicaid bureau will be included in the project meetings. In addition,</p>	Completed

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			<p>the Business Requirements Document (BRD) will require approval from each impacted Bureau Representative. The fiscal agent Project Management Office will record action items, issues, decisions and report them to MFAO during each project meeting.</p> <p><i>Completed: December 31, 2016. David Powers, MFAO, Medicaid.</i></p> <p><u>Status as of November 3, 2016:</u></p> <p>Medicaid Fiscal Agent Operations (MFAO) will request that for each Florida Medicaid Management Information Systems (FMMIS) project, a representative from each bureau within Medicaid will be included in the project meetings. In addition, a sign-off form from the impacted business will require the Bureau Chief's signature. The fiscal agent Project Management Office will record action items, issues, decisions and report them to MFAO during each project meeting.</p> <p><i>Anticipated Completion Date: December 31, 2016.</i></p>	
2	<p>Limited documentation was available regarding actions related to making a systems change for one of the affected aid categories (MW A) found in a decision log dated September 2012. Although there was a recognition that one of the aid categories defaulted to Temporary Assistance for Needy</p>	<p>Project management teams more fully document discussions related to decisions with a systems or financial impact and document communication of decisions to project management teams</p>	<p><u>Status as of November 3, 2016:</u></p> <p>A project schedule template was created for systems changes and includes a task for the project team to work together to develop CSR business requirements. Decisions made within project-managed teams are documented in meeting summaries and posted on the team's SharePoint site. Decisions requiring review and approval from Medicaid</p>	Completed

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	<p>Families (TANF) for rate payment purposes and should have been changed to Supplemental Security Income (SSI), there appears to be no documentation of discussions related to the matter in the decision log, whether other similarly affected aid categories were part of the discussion, or whether system changes in FMMIS were pursued by the SRT.</p>	<p>tasked with writing business requirements for CSRs.</p>	<p>leadership are brought forth as formal Decision Points to Medicaid Steering and advanced to Executive Leadership as appropriate. Decision Points are logged on SharePoint with the final date of a decision, the deciding body, and the decision made. Project Managers individually meet with the PPIU Supervisor and Agency for Health Care Administrator on a weekly basis to review their assigned project schedules and receive feedback and instruction to communicate with their project teams as appropriate regarding decisions made at Medicaid Steering and/or the Executive Leadership level.</p> <p>Project Managers and Project Administrators have been reminded to upload all relevant project team documentation to the project's SharePoint site.</p> <p><i>Completed: November 3, 2016. Stacey Wolf, PPIU, Medicaid.</i></p>	
			<p><u>Status as of May 3, 2017:</u></p> <p><i>Completed: December 31, 2016. David Powers, MFAO, Medicaid.</i></p> <p><u>Status as of November 3, 2016:</u></p> <p>MFAO will continue to document projects with the fiscal agent project management office for each FMMIS project. The fiscal agent Project Management Office will record and report decisions to MFAO during each project meeting. MFAO will</p>	<p>Completed</p>

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			<p>identify stakeholders and encourage cross-functional team participation from Agency staff for the FMMIS projects.</p> <p><i>Anticipated Completion Date: December 31, 2016.</i></p>	
3	<p>The tight timeline for Statewide Medicaid Managed Care (SMMC) implementation and the number of system changes in FMMIS, including the creation of over 27,000 new rate cells, increased the risk of errors. Reports produced after the SMMC-MMA rollout focused on reviewing and verifying capitation cycle results and processing of enrollment and disenrollment files by MMA implementation phases and, therefore, the small percentage change in the affected categories was not readily apparent to Medicaid management.</p>	<p>MFAO continue to work with various Medicaid bureaus to develop reports for monitoring the SMMC capitation payment process, including working with MDA to create a report to analyze data to verify if the rates assigned are paid in accordance with appropriate aid categories.</p>	<p><u>Status as of May 3, 2017:</u></p> <p>MFAO worked with Agency stakeholders to define financial monitoring reports for managed care and other financial projects.</p> <p>The following reports were completed:</p> <ul style="list-style-type: none"> • Enhanced MGD-010-M Capitation payments by provider - Implemented 06/24/2016 • Converted MGD-CAPQ-M to an Excel document - Implemented 11/25/2016 • Created Financial Cap Variance Report - Implemented 08/19/2016 • Created MGC Capitation Sample QA Report - Implemented 09/25/2016 • Converted the X12 820 Payment Order/Remittance Advice transactions into a flat data file - Implemented 01/12/2017 <p>Currently, the final identified report is in development by the fiscal agent technical team with an estimated completion date of June 30, 2017.</p> <p><i>Anticipated Completion Date: June 30, 2017.</i></p>	<p>Completed: July 13, 2017. David Powers, MFAO, Medicaid.</p> <p>The final report enhancement MGD-0853-M Capitation Rate Listing (Excel version) was implemented on July 13, 2017.</p>

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			<p><u>Status as of November 3, 2016:</u></p> <p>MFAO will assist Agency stakeholders to define financial monitoring reports for managed care and other financial projects. Reporting needs will be reviewed during the requirements and design sessions with the fiscal agent, and MFAO will document the financial balancing and reconciliation reports needed to monitor the new processing logic for enhancements to the FMMIS.</p> <p><i>Anticipated Completion Date: December 31, 2016.</i></p>	
4	<p>CSR 2530's test results appear to have matched the documented specifications. However, insufficient detail provided by the specifications led to incorrect interpretations and assumptions for testing. The assumption that assistance categories assigned to Title XIX or SSI Benefit Plans would be aligned with TANF or SSI rate cells respectively, does not appear to have been questioned and thus test documentation related to rate cells consisted of test cases to verify functionality and did not include testing to verify rate cell alignment.</p>	<p>MFAO work with the Fiscal Agent and Medicaid staff to clarify terminology and provide more detail for CSR specifications to avoid incorrect interpretations and assumptions of business requirements (as reportedly occurred in the assumptions regarding Benefit Plans).</p>	<p><u>Status as of May 3, 2017:</u></p> <p><i>Completed: December 31, 2016. David Powers, MFAO, Medicaid.</i></p> <p><u>Status as of November 3, 2016:</u></p> <p>MFAO, working with the Fiscal Agent, will generate a business requirements document and create expected results with stakeholders that will be reviewed and approved by the CSR initiator. MFAO will also create walkthrough requirements for User Acceptance testing with the Fiscal Agent and the stakeholders.</p> <p><i>Anticipated Completion Date: December 31, 2016.</i></p>	Completed

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5	Documentation was not available to indicate that MPF analyzed the drop in PMPM for the <i>EL & DIS</i> budget category from pre-MMA implementation to Full-MMA implementation.	MPF's budgeting and forecasting process include periodic reviews of any significant changes to the PMPM expenditure amount for various budget categories.	<p><u>Status as of November 3, 2016:</u></p> <p>Moving forward, the Agency, along with the Social Services Estimating Conference (SSEC) Principals, has revised the methodology used to develop estimates for the conference. Previously the estimates were based on eligibility category; they are now based on rate cells. This change should allow the Agency to quickly identify this type of discrepancy and make corrections.</p> <p>Reviewing the TANF and SSI rate cells was previously outside the scope of the estimates prepared by Medicaid Program Finance for the SSEC. In addition, the per member per month (PMPM) rate would have been expected to decrease due to the <i>dual eligible population</i> being captured in this category; this would have brought down the PMPM rate as the <i>dual eligible population</i> has a much lower PMPM rate.</p> <p><i>Completed: November 3, 2016. Tom Wallace, Medicaid Finance and Analytics.</i></p>	Completed