

**AGENCY FOR HEALTH CARE
ADMINISTRATION**

Collection and Use of Medicaid
Managed Care Encounter Data
and Selected Administrative Activities



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Secretary of the Agency for Health Care Administration

The Agency for Health Care Administration is established by Section 20.42, Florida Statutes. The head of the Agency is the Secretary who is appointed by the Governor and subject to confirmation by the Senate. During the period of our audit, the following individuals served as Secretary:

Justin Senior	From January 11, 2017 Interim, October 3, 2016, through January 10, 2017
Elizabeth Dudek	Through October 3, 2016

The team leader was Lynley Trent, CPA, and the audit was supervised by Barry Bell, CPA.

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AGENCY FOR HEALTH CARE ADMINISTRATION

Collection and Use of Medicaid Managed Care Encounter Data and Selected Administrative Activities

SUMMARY

This operational audit of the Agency for Health Care Administration (Agency) focused on the Agency's collection and use of Medicaid managed care encounter data and selected administrative activities. The audit also included a follow-up on the findings in our report No. 2015-045 and on selected findings in our report No. 2015-011 (finding Nos. 1 through 3). Our audit disclosed the following:

Collection and Use of Medicaid Managed Care Encounter Data

Finding 1: The Agency could not demonstrate that it forwarded to managed care organizations for investigation any leads or referrals related to possible acts of fraud, abuse, or overpayment based on analysis of Medicaid managed care encounter data.

Finding 2: The Agency's contract for advance data analytics services to identify Medicaid fraud, abuse, and overpayments did not result in realized cost recoveries and the Agency and vendor did not take timely and adequate steps to utilize Medicaid managed care encounter data in the vendor's data analytics. In addition, Agency records did not include sufficient documentation, such as cost-benefit analyses, to support continued contract renewals.

Selected Administrative Activities

Finding 3: As similarly noted in our report No. 2015-045, the Bureau of Financial Services (BFS) had not established sufficiently comprehensive policies and procedures or developed a BFS-specific training program to ensure staff were provided appropriate training related to the Agency's complex accounting and budgeting tasks.

Finding 4: BFS controls continue to need enhancement to ensure that accounting transactions are properly approved and timely and accurately recorded in Agency financial records.

Finding 5: The Agency did not always timely cancel purchasing cards upon a cardholder's separation from Agency employment.

Finding 6: Information technology user access controls for the Florida Medicaid Management Information System, VERSA Regulation system, and Care Provider Background Screening Clearinghouse need improvement to ensure that periodic reviews of user access privileges are performed, user access privileges are appropriate, and Agency records demonstrate that access privileges are timely deactivated when access is no longer needed.

BACKGROUND

State law¹ designates the Agency for Health Care Administration (Agency) as the chief health policy and planning entity for the State and provides that the Agency is responsible for:

- Administering the Medicaid program and contracts with the Florida Healthy Kids Corporation.
- Licensing, inspecting, and regulating health care facilities.
- Investigating consumer complaints related to health care facilities and managed care organizations.
- Implementing the certificate of need program.
- Operating the Florida Center for Health Information and Transparency.
- Certifying health maintenance organizations and prepaid health clinics.

For the 2016-17 fiscal year, the Legislature appropriated approximately \$26.6 billion to the Agency and authorized 1,546 positions.

FINDINGS AND RECOMMENDATIONS

COLLECTION AND USE OF MEDICAID MANAGED CARE ENCOUNTER DATA

The objective of the Medicaid program is to provide medical coverage to eligible low-income adults, children, pregnant women, elderly adults, and persons with disabilities. Historically, the Agency has predominately administered the State's Medicaid program under a fee-for-service (FFS) delivery model. Under the FFS delivery model, health care providers are paid by the Agency for each service, such as an office visit, medical test, or procedure. State law² authorizes the Agency to investigate, review, or analyze Medicaid provider FFS records up to 5 years after the date the Medicaid provider furnishes goods or services to a Medicaid recipient.

In 2011, the Legislature directed³ the Agency to establish a Statewide Medicaid Managed Care (SMMC) program. In August 2014, the Agency completed implementation of the SMMC program which transitioned the majority of Medicaid recipients to managed health care plans offered by a limited number of managed care organizations (MCOs) selected by the Agency through a competitive procurement process. These MCOs provide Medicaid services to enrollees in exchange for a monthly payment (capitation payment) from the Agency. Among other things, the Agency utilizes encounter data⁴ to establish capitation payment rates. MCOs were required to submit encounter data to the Agency no later than 7 days after the MCO adjudicated a claim.

As of March 2017, the State's Medicaid program included 3.9 million enrollees, of which, 3.2 million were enrolled in the SMMC program and the remainder were enrolled in the FFS model. During the period

¹ Section 20.42(3), Florida Statutes.

² Section 409.913(9), Florida Statutes.

³ Chapter 2011-134, Laws of Florida.

⁴ Encounter data are electronic records of Medicaid-covered services provided to enrollees of, and paid by, an MCO.

July 1, 2015, through January 27, 2017, SMMC program payments totaled \$24.7 billion and FFS payments totaled \$7.5 billion.

Finding 1: Use of Medicaid Managed Care Encounter Data

Pursuant to State law,⁵ the Agency, Bureau of Medicaid Program Integrity (MPI), is responsible for overseeing Medicaid provider activities to minimize fraudulent and abusive behavior, recover Medicaid overpayments, and impose sanctions, as appropriate. State law⁶ also requires MCOs to establish and maintain a fraud investigative unit to investigate possible acts of fraud, abuse, and overpayment, or contract for the investigation of possible fraudulent or abusive acts by Medicaid recipients, persons providing services to Medicaid recipients, or any other persons.

As part of our audit, we evaluated MPI procedures for minimizing fraud, abuse, and overpayments in the Medicaid program. We noted that the MPI conducts audits of Medicaid providers to determine possible fraud, abuse, overpayment, or recipient neglect in the Medicaid program. The audits are based, in part, on MPI analyses of Medicaid data. When an audit results in sanctions against a provider, the Agency issues a final order that is made available on the Agency's Web site. However, MPI management acknowledged in response to our audit inquiry that the audit process can be lengthy and may not always provide for the timely communication of problem providers to the MCOs.

Additionally, we inquired of MPI management regarding the MPI's use of Medicaid managed care encounter data to identify possible fraud, abuse, and overpayments in the Medicaid program. Our audit procedures disclosed that, although MPI management indicated that the MPI had historically utilized managed care encounter data to identify suspicious patterns of behavior, as of March 2017, MPI records did not demonstrate that any leads or referrals related to possible acts of fraud, abuse, or overpayment based on analyses of Medicaid managed care encounter data had been forwarded to the MCOs for investigation.

In response to our audit inquiry, Agency management indicated that, in addition to posting final orders to the Agency's Web site to allow the MCOs to identify problem providers, the Agency regularly communicated to the MCOs issues with providers. However, no documentation was maintained to support such communications.

Effective use of Medicaid managed care encounter data to identify and timely communicate to the MCOs leads related to possible acts of fraud, abuse, or overpayment in the Medicaid program could allow the MCOs to more quickly stop or prevent unallowable payments to providers and provides greater assurance and further serves to demonstrate that the Agency is overseeing Medicaid provider activities in accordance with State law.

Recommendation: We recommend that Agency management ensure that the MPI utilizes Medicaid managed care encounter data to identify leads related to possible acts of fraud, abuse, or overpayment in the Medicaid program, and that the MPI documents timely communication of those leads to the MCOs.

⁵ Section 409.913, Florida Statutes.

⁶ Section 409.91212(2), Florida Statutes.

Finding 2: Medicaid Data Analytics Contract

Historically, the MPI has used a variety of methods, including data analytics, to identify billing errors, claims abuse, potential fraud, and overpayments. In August 2014, the Agency executed a 12-month contract, totaling \$2,935,000, with a vendor to provide an advance data analytics service. Subsequent contract amendments extended the contract to June 30, 2017, and increased the total contract amount to \$6,927,356. The vendor's advanced data analytics service was to include active pattern and fraud scheme analysis and the vendor was to provide to the Agency investigation-ready leads⁷ to supplement the Agency's efforts and optimize the use of Agency resources in the detection of Medicaid fraud, abuse, and overpayments. Due to the substantial number of vendor-provided leads that the Agency determined were not investigation-ready, the Agency amended the contract on October 28, 2016, to add a performance clause that provided, prior to the vendor receiving payment, for the MPI to sample a minimum of 30 leads to determine whether the leads were investigation-ready. If a preponderance⁸ of the sampled leads were found not to be investigation-ready, the Agency was to withhold payment to the vendor. As of July 12, 2017, the Agency had withheld \$1,413,281 from the vendor.

As part of our audit, we made inquiries of Agency personnel and examined Agency records to determine the extent to which the Agency received from the vendor the contractually specified advance data analytics service, the efficacy of the services provided, and whether the vendor utilized Medicaid managed care encounter data to perform data analytics. Our audit procedures disclosed that the Agency did not receive from the vendor advance data analytics services that resulted in cost recoveries; the Agency and vendor had not taken timely and adequate steps to utilize Medicaid managed care encounter data to identify Medicaid fraud, abuse, and overpayments; and Agency records did not include sufficient documentation to support contract renewals. Specifically, we found that:

- During the period February 15, 2016, through March 7, 2017, the vendor submitted 16,316 leads to the Agency. However, as of April 13, 2017, Agency records indicated that only 2,691 (16.5 percent) of these leads were investigation-ready. Additionally, only 32 (.20 percent) of the 16,316 leads submitted by the vendor resulted in Agency audits or investigations that identified overpayments.
- As of June 30, 2017, Agency payments to the vendor totaled \$5,514,075. However, the investigation-ready leads provided by the vendor only identified \$1,339,453 in claims denied prior to payment and \$2,384,545 in potential recoveries. Agency management indicated that, as of July 13, 2017, the Agency had not recovered any overpayments from Medicaid service providers related to the vendor-provided leads.
- Although Medicaid managed care encounter data was available at the time of contract execution in August 2014, the Agency did not require the vendor to use encounter data in the vendor's data analyses until the contract was amended effective October 28, 2015. Additionally, Agency management indicated that the vendor did not begin using Medicaid managed care encounter data in the analyses until January 2017. Agency management noted that the vendor had been unable to process the Medicaid managed care encounter data due to differences in the coding of the encounter data as compared to Medicaid FFS claims data.

⁷ The contract defined investigation-ready leads as more than simply system flags or alerts, but information referred to the Agency that had undergone a preliminary analytic review by the vendor and included identifying suspicious behavior patterns, the reasoning or methodology for the suspicion, and recommended actions.

⁸ Although not defined in the contract, Agency management considered a preponderance to be greater than 50 percent.

- Although the contract was renewed five times, Agency records did not include sufficient documentation, such as cost-benefit analyses, to support the renewals. In response to our audit inquiry, Agency management noted that they continued to renew the contract because the Agency expected the vendor to eventually provide quality investigation-ready leads. The contract ended on June 30, 2017, and Agency management indicated that funding was not available to procure similar services for the 2017-18 fiscal year.

In response to our audit inquiry, Agency management indicated that the contract represented a new approach to identifying fraud, abuse, and overpayments, and as the Agency gained experience with the contract, the Agency worked to amend the contract deliverables to establish a threshold of success.

The limited number of investigation-ready leads provided by the vendor and delays in including Medicaid managed care encounter data in the vendor's data analyses limited the Agency's ability to efficiently and effectively detect and address Medicaid fraud, abuse, and overpayments. Additionally, absent documentation, such as cost-benefit analyses, Agency management cannot demonstrate that the contract renewals were in the best interest of the Agency.

Recommendation: We recommend that, prior to renewal, Agency management document consideration of the cost effectiveness of applicable contracts. We also recommend that, prior to contracting for similar services in the future, Agency management establish and clearly identify vendor performance benchmarks.

SELECTED ADMINISTRATIVE ACTIVITIES

As part of our audit, we also evaluated selected Agency administrative activities and controls, including those related to accounting and budgeting, staff training, financial transactions, purchasing cards, and information technology (IT) access privileges.

Finding 3: Accounting and Budgeting Policies and Procedures and Staff Training

The Agency, Division of Operations, Bureau of Financial Services (BFS), is responsible for performing a variety of complex accounting and budgeting tasks for the Agency. These tasks include, but are not limited to: budgeting and tracking Medicaid expenditures among numerous special appropriation categories; coordinating with the Agency's third-party administrator responsible for payment of Medicaid claims; making large year-end accounting entries and adjustments related to estimates for Medicaid payables and receivables; and ensuring that Agency expenditures used to comply with Federal program matching requirements are appropriately tracked and reported.

In our report No. 2015-045 (finding No. 1), we noted that BFS management had not established sufficiently comprehensive policies and procedures or developed a BFS-specific training program to ensure that staff were provided appropriate guidance and training related to the Agency's accounting and budgeting tasks. As part of our audit follow-up procedures, we performed inquiries of BFS management and staff, reviewed BFS policies and procedures, and examined documentation related to the BFS organizational structure, staffing, and training to determine whether BFS management had corrected, or was in the process of correcting, the deficiencies noted in our report No. 2015-045. Our audit procedures disclosed that BFS policies and procedures still needed enhancement, the BFS had not established a BFS-specific training program, and Agency records did not adequately evidence that BFS employees had received appropriate accounting and budgeting training. Specifically, we found that:

- BFS policies and procedures primarily consisted of desk procedures that listed detailed steps to be performed for specific accounting and budgeting tasks. However, the policies and procedures did not always:
 - Reference to, or provide sufficient descriptions of the provisions of, applicable laws, rules, and regulations.
 - Reference to, or provide sufficient direction regarding, applicable accounting standards and guidance.
 - Address the relationship of a particular task to other BFS tasks and functions.
 - Include documentation requirements for transactions recorded in Agency financial records.
 - Address appropriate separation of duties.
 - Evidence that BFS management had reviewed and approved procedures for BFS employee use.
 - Indicate an effective date, or date of last revision, to facilitate the identification of current procedures.

In response to our audit inquiry, BFS management indicated that, as of January 9, 2018, the BFS had automated many of their processes and begun development of a desktop manual.

- The BFS had not established a BFS-specific training program or training plan outlining management's employee training vision and goals. Our examination of Agency training records for ten selected BFS employees (four supervisors and six staff) disclosed that the BFS could not always demonstrate that BFS staff were provided appropriate training during the period July 2015 through February 2017. Specifically, we found that:
 - While the BFS training log indicated that eight employees (two supervisors and six staff) received accounting or budget related training, the BFS could not provide documentation evidencing that the employees actually attended the training activities. In response to our audit inquiry, Agency management indicated that sign-in sheets were not always completed for Agency training activities.
 - The BFS training log indicated that two supervisors had not received any accounting or budget related training.

We also analyzed the personnel records for ten selected BFS employees to evaluate the extent to which staff experience and turnover intensified the need for comprehensive policies and procedures and staff training. As shown in Table 1, and similarly noted in our report No. 2015-045 (finding No. 1), we noted that the BFS had experienced significant turnover in the supervisory positions and that six of the ten selected BFS employees had been with the Agency for 3 years or less. In response to our audit inquiry, BFS management cited various reasons for staff turnover, including retirement and promotional opportunities.

Table 1
Number of BFS Positions and Vacancies,
Time in Current Position, and Length of Agency Employment
for Selected BFS Employees
As of February 28, 2017

	Supervisors	Staff	Total
Number of BFS Positions	12	39	<u>51</u>
Number of Vacancies	1	13	<u>14</u>
Number of Selected BFS Employees Included in Audit Testing	4	6	<u>10</u>
Number of Selected BFS Employees in Current Positions:			
Less than 1 year	3	1	<u>4</u>
1 to 3 years	1	4	<u>5</u>
More than 3 years	-	1	<u>1</u>
Number of Selected BFS Employees Employed with the Agency:			
Less than 1 year	2	1	<u>3</u>
1 to 3 years	1	2	<u>3</u>
More than 3 years	1	3	<u>4</u>

Source: Auditor analysis of Agency records.

In our report No. 2015-045, we also recommended that BFS management consider revising BFS position descriptions to specify the relevant education and experience needed to perform the Agency's complex accounting and budgeting tasks. However, our review of the descriptions for the ten selected BFS positions disclosed that none of the position descriptions had been revised to specify relevant experience or knowledge of Federal laws, rules, and regulations as a position requirement, and none of the supervisory position descriptions specified a preference for a college degree in accounting or finance, an advanced college degree, or a professional designation such as Certified Public Accountant (CPA) or Certified Government Financial Manager (CGFM). Our examination of the personnel records for the BFS employees assigned to those ten positions as of February 28, 2017, disclosed that none of the four supervisors held a bachelor's degree in accounting. Each of the four supervisors either held a bachelor's or associate's degree in a field unrelated to finance and accounting or did not possess a college degree. Additionally, we noted that none of the supervisors held an advanced degree or had a CPA or CGFM designation.

Without adequate written policies and procedures, a comprehensive BFS-specific training program, and BFS staff with relevant accounting and budgeting education and experience, the risk of noncompliance with State and Federal laws, rules, and regulations, and the likelihood of material misstatements in Agency financial records is increased. Such risk is increased by staff turnover and consistency and accuracy in the performance of accounting and budgeting processes may also be hindered. As noted in Finding 4, the lack of adequate BFS policies and procedures likely contributed to errors in Agency accounting transactions.

Recommendation: We recommend that BFS management continue updating policies and procedures to ensure that BFS responsibilities and unique operations are sufficiently addressed. The updated policies and procedures should promote compliance with applicable laws, rules, regulations, and accounting standards, and provide sufficient guidance to staff to ensure consistency in the event of staff turnover. In addition, we again recommend that BFS management develop a staff training program that is specifically tailored to address the complexity of the Agency's financial operations, maintain appropriate documentation to demonstrate BFS staff attendance at training activities, and revise BFS position descriptions to specify the relevant education and experience needed to perform the Agency's complex accounting and budgeting tasks.

Finding 4: Accounting Transactions

State law⁹ specifies that State agencies are responsible for maintaining the accounting records necessary for the effective management of their programs and functions. Fundamental to their oversight of Agency accounting and budgeting functions, BFS management is responsible for implementing controls to ensure that accounting transactions and records are complete; adequately supported; made in compliance with applicable laws, rules, regulations, and accounting standards; and properly authorized.

In our report No. 2015-045 (finding No. 2), we noted that the BFS had not established appropriate controls to ensure that sufficient documentation was always maintained to support accounting transactions or to ensure that transactions were timely and correctly entered in the Florida Accounting Information Resource Subsystem (FLAIR), the State's accounting system. As part of our audit follow-up procedures, we examined available documentation supporting 40 Agency transactions, with a cumulative absolute value of approximately \$2.6 billion, recorded in FLAIR during the period September 2016 through March 2017, to determine whether the transactions were supported, approved, and recorded timely and accurately in FLAIR. We found that:

- For 10 accounting transactions with a cumulative absolute value of \$25,242,705, the BFS could not provide documentation evidencing that the transactions had been approved by the applicable BFS supervisor.
- The BFS did not timely record in FLAIR 3 accounting transactions (2 transfers and 1 budgetary allotment) with a cumulative absolute value of \$39,722,518. These transactions were recorded 75 to 100 business days (an average of 94 business days) after the date the need for the entry was identified.
- The BFS incorrectly recorded in FLAIR the transaction dates for 2 expenditure transactions totaling \$3,913,133. For another \$97,663 expenditure transaction, Agency records did not evidence the invoice received date. Consequently, we could not determine whether the BFS had entered the correct transaction date in FLAIR. State law¹⁰ requires State agencies to record all invoices received in FLAIR, approve the invoice for payment, and file the invoices with the State's Chief Financial Officer (CFO) no later than 20 days after receipt of the invoice and receipt, inspection, and approval of the goods or services, except in a case of a bona fide dispute. Pursuant to State law, the approval and inspection of goods or services is to take no longer than

⁹ Section 216.141(3), Florida Statutes.

¹⁰ Section 215.422(1), Florida Statutes.

5 working days. If a warrant in payment of an invoice is not issued within 40 days after receipt of the invoice, State law¹¹ requires the agency to pay interest to the vendor on the unpaid balance.

The Department of Financial Services (DFS) issued guidance¹² specifying that, in the FLAIR Transaction Date field, State agencies are to record the later of the date the goods or services were received, inspected, and approved, or the date the invoice was received. The DFS uses the Transaction Date field to monitor State agency compliance with the statutory prompt payment requirements and to identify those transactions for which an agency would be required to pay interest. We noted that, for the 2 transactions, the transaction dates recorded by the BFS were 10 and 34 days later than the dates supported by Agency records. Had the BFS correctly recorded the transaction date for 1 of these 2 transactions, the Agency would not have complied with the prompt payment requirements. Without documented and accurate transaction dates, the Agency may not be able to demonstrate compliance with State law, instances of noncompliance with prompt payment requirements may not be identified by the DFS, and the Agency may not make required interest payments.

As noted in Finding 3, the absence of comprehensive BFS policies and procedures and a BFS-specific training program likely contributed to errors in Agency accounting transactions. Documentation demonstrating supervisory approval of accounting transactions increases management's assurance that transactions are appropriately executed in accordance with applicable laws, rules, regulations, accounting standards, and other guidelines. Additionally, incorrect and untimely recording of accounting transactions affects the reliability of Agency financial records and reports.

Recommendation: We again recommend that BFS management ensure that sufficient documentation is maintained to support the timeliness and approval of all Agency accounting transactions. We also recommend that BFS management take appropriate actions to improve the accuracy and timeliness of FLAIR accounting transactions.

Finding 5: Purchasing Card Controls

As a participant in the State's purchasing card program, the Agency is responsible for implementing key controls, including procedures for timely canceling purchasing cards upon a cardholder's separation from Agency employment. Agency policies and procedures¹³ specified that the Agency's Purchasing Card Administrator (PCA) was responsible for canceling an employee's purchasing card upon an employee's separation from Agency employment, and the employee's supervisor was responsible for notifying the PCA of the employee's separation from Agency employment.

Agency management indicated that, when an employee separated from Agency employment, the employee's supervisor was to complete and submit to the Bureau of Human Resources a Personnel Action Request (PAR) form and an Employee Separation Checklist (Checklist). The PAR form and Checklist provided the Bureau of Human Resources the employee's separation date and the date the employee turned in their purchasing card to their supervisor. Bureau of Human Resources staff were to input into the Agency's Transfer, Promotion, and Separation (TPS) System information from the PAR form and Checklist, including the employee's separation date. The TPS System would then generate a notification e-mail to the BFS and other responsible Agency Divisions. Agency staff assigned

¹¹ Section 215.422(3)(b), Florida Statutes.

¹² CFO Memorandum No. 1 (2013-14).

¹³ *Agency Purchasing Card Plan*, January 2015.

to monitor the notification e-mails were responsible for forwarding the notification e-mails to the PCA so the PCA could take appropriate action to cancel the employee's purchasing card.

To determine whether the Agency timely canceled purchasing cards upon a cardholder's separation from Agency employment, we compared Agency employee separation dates recorded in People First, the State's human resource information system, to purchasing card cancellation dates recorded in FLAIR purchasing card records. We also compared the FLAIR listing of active Agency purchasing cardholders as of January 3, 2017, to People First employee separation records. We identified 96 cardholders who separated from Agency employment during the period July 1, 2015, through January 3, 2017, and noted that 35 of the employees' purchasing cards had not been timely canceled. Specifically, we found that the employees' purchasing cards were canceled 2 to 289 business days (an average of 39 business days) after the employees' separation dates, including 1 purchasing card canceled by the Agency in January 2017, subsequent to our audit inquiry. In response to our audit inquiry, Agency management indicated that the delays in canceling purchasing cards were due primarily to staff vacancies and oversights.

Although our audit tests did not disclose any charges incurred subsequent to the 35 cardholders' separation from Agency employment, timely cancellation of purchasing cards upon a cardholder's separation from Agency employment reduces the risk that unauthorized purchases will be made.

Recommendation: We recommend that Agency management ensure that purchasing cards are promptly canceled upon a cardholder's separation from Agency employment.

Finding 6: IT Access Privilege Controls

Agency for State Technology (AST) rules¹⁴ require State agencies to periodically review user access privileges for appropriateness. AST rules¹⁵ also require State agencies to ensure that IT access privileges are deactivated when access to an IT resource is no longer required. Prompt action to deactivate access privileges is necessary to help prevent misuse of the access privileges. Agency procedures¹⁶ required that the Agency's Help Desk be notified of employee separations from Agency employment through a Network Access Form (NAF) completed by the employee's supervisor or by e-mail notification from the Bureau of Human Resources. The procedures required access privileges be deactivated at 5:00 p.m. on the employee's separation date. The Agency's Help Desk was responsible for deactivating access privileges to the Agency's network, the Care Provider Background Screening Clearinghouse (Clearinghouse),¹⁷ and the VERSA Regulation system.¹⁸ Agency procedures¹⁹ for the

¹⁴ AST Rule 74-2.003(1)(a)6., Florida Administrative Code. Although AST Rules were not effective until March 2016, Agency for Enterprise Technology (AEIT) Rule 71A-1.007(2), Florida Administrative Code, specified similar requirements.

¹⁵ AST Rule 74-2.003(1)(a)8., Florida Administrative Code. Although AST Rules were not effective until March 2016, AEIT Rule 71A-1.007(6), Florida Administrative Code, required access authorization be promptly removed when the user's employment was terminated or access to the information resource was no longer required.

¹⁶ Agency, Bureau of Customer Service and Support, Standard Operating Procedures, *Terminate User Accounts*.

¹⁷ The Clearinghouse is a Web-based system that provides the background screening results for persons required to be screened by State law for employment in positions that provide services to children, the elderly, and disabled individuals.

¹⁸ The Agency used the VERSA Regulation system to manage health care facility licensure, registration, inspection, and enforcement activities.

¹⁹ *State User Guide – A user guide to the Florida MEUPS applications for Florida state users.*

Medicaid Enterprise User Provisioning Systems (MEUPS) provided for supervisors to terminate and update FMMIS user accounts.

As part of our audit, we evaluated IT user access controls for FMMIS, the VERSA Regulation system, and the Clearinghouse and found that improvements were needed to ensure that periodic reviews of user access privileges were performed, user access privileges were appropriate, and Agency records demonstrated that access privileges were timely deactivated when the access privileges were no longer necessary. Specifically, we found that:

- The Agency did not perform periodic reviews of FMMIS, VERSA Regulation system, or Clearinghouse user access privileges during the period July 2015 through January 2017.
- 2 of the 72 FMMIS user accounts active as of February 9, 2017, had not been timely deactivated upon the users' separation from Agency employment. The 2 user accounts were deactivated 51 and 57 business days after the users' separation dates. Agency management indicated in response to our audit inquiry that the Agency relied on FMMIS to automatically lock user accounts that had been inactive for 60 days, and deactivate user accounts that had not been updated (e.g., password not changed) for more than 120 days.
- 88 of the 150 FMMIS user accounts deactivated during the period July 1, 2015, through February 9, 2017, were not timely deactivated upon the users' separation from Agency employment, and 11 additional user accounts had not been timely deactivated upon the users' transfer to another position within the Agency that did not require FMMIS access privileges. These 99 user accounts were deactivated 4 to 310 business days (an average of 54 business days) after the users' employment separation or transfer dates. Our audit procedures further disclosed that 1 user account had been accessed on February 25, 2016, or 9 business days after the user's employment separation date.
- 27 of the 477 VERSA Regulation system user accounts active as of February 9, 2017, were assigned to users who had separated from Agency employment. As of February 9, 2017, the 27 user accounts remained active 31 to 401 business days (an average of 177 business days) after the users' separation dates.
- The user's job responsibilities related to 1 of the 5 selected VERSA Regulation system user accounts active as of February 9, 2017, did not require VERSA Regulation system access privileges. The user's account remained active as of July 17, 2017. In response to our audit inquiry, Agency management indicated that, during 2015, the user was loaned to an Agency division and required VERSA Regulation system access privileges for approximately a month. However, the access privileges were not deactivated after the privileges were no longer required.
- The Agency could not identify VERSA Regulation system user accounts that had been deactivated during the period July 2015 through January 2017 and, as a result, the Agency was unable to demonstrate whether VERSA Regulation system user access privileges were timely deactivated upon a user's separation from Agency employment. In response to our audit inquiry, Agency management indicated that the VERSA Regulation system is a proprietary system owned by a third party and does not store the date a user account was deactivated. While Agency management indicated that the date a user account was deactivated was stored in the Agency's previous Help Desk ticketing system, our analysis of selected information from the system found that the information did not reliably demonstrate whether VERSA Regulation system user access privileges were timely deactivated.
- 1 of the 26 Clearinghouse user accounts active as of February 14, 2017, was not timely deactivated upon the user's separation from Agency employment. Subsequent to our audit inquiry, and 38 business days after the user's separation date, the Agency deactivated the user's account.

- 3 of the 12 Clearinghouse user accounts that were deactivated during the period July 2015 through January 2017 were not timely deactivated upon the users' separation from Agency employment, and another user account was not timely deactivated upon the user's transfer to a position within the Agency that did not require Clearinghouse access privileges. These 4 user accounts remained active 4 to 95 business days (an average of 50 business days) after the users' employment separation or transfer dates. Our audit procedures further disclosed that the transferred user's account was accessed 31 times subsequent to the user's transfer. In response to our audit inquiry regarding the 4 user accounts, Agency management indicated that user profiles are often left open to move work items into or from user work queues.

Periodic reviews of user access privileges help provide Agency management assurance that user access privileges are authorized and appropriate. Additionally, immediate deactivation of user access privileges when the access privileges are no longer necessary limits the potential for unauthorized disclosure, modification, or destruction of Agency data and IT resources.

Recommendation: We recommend that Agency management ensure that periodic reviews of FMMIS, VERSA Regulation system, and Clearinghouse user access privileges are performed. We also recommend that Agency management ensure and Agency records demonstrate that FMMIS, VERSA Regulation system, and Clearinghouse user access privileges are timely deactivated upon a user's separation from Agency employment or when the user no longer requires access privileges.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Agency had taken corrective actions for the applicable findings included in our report Nos. 2015-011 and 2015-045.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from January 2017 through September 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Agency for Health Care Administration (Agency) focused on the collection and use of Medicaid managed care encounter data and selected administrative activities. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.

- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all applicable deficiencies noted in our report Nos. 2015-011 and 2015-045.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Reviewed applicable laws, rules, Agency policies and procedures, and other guidelines, and interviewed Agency personnel to obtain an understanding of the Agency's collection and use of Medicaid managed care encounter data and review and approval of Medicaid managed care anti-fraud plans.
- From the population of 17 managed care organizations (MCOs) required to submit an anti-fraud plan to the Agency on or before September 1, 2016, examined Agency records for 5 selected MCOs to determine whether the MCOs submitted an anti-fraud plan in accordance with Section 409.91212, Florida Statutes, and whether the submitted anti-fraud plan met contractual requirements and was appropriately reviewed and approved by the Agency.

- From the population of four data submission report cards prepared by the Agency during the period July 2015 through February 2017, examined Agency records for two selected data submission report cards to determine whether the Agency evaluated the accuracy and completeness of Medicaid managed care encounter data submitted by the MCOs.
- From the population of monthly monitoring activities performed during the period July 2015 through February 2017, examined Agency monitoring records for September 2015, August 2016, and February 2017 to determine whether the Agency completed required monthly monitoring of the Agency's contract for Medicaid program advanced data analytics services and whether the Agency's monitoring efforts were adequate to ensure that the terms of the contract were achieved.
- For the period August 2014 through February 2017, analyzed information and data related to the Agency's contract for Medicaid program advanced data analytics services, including contract amendments, contract payments, vendor provided leads, and Bureau of Medicaid Program Integrity investigation data, to determine whether:
 - The contract was cost effective.
 - Contract payments were withheld in the event of vendor nonperformance.
 - The contract provided for sufficient and appropriate analysis of Medicaid managed care encounter data to identify possible fraud, abuse, and overpayments in the Medicaid program.
 - The Agency performed a cost-benefit analysis to support the appropriateness of renewing the contract, including an evaluation of vendor performance and whether the Agency should terminate the contract.
- Evaluated Agency actions to correct the applicable findings noted in our report No. 2015-011 (finding Nos. 1 through 3). Specifically, we:
 - Inspected documents and records to determine whether the Agency recouped Medicare outpatient hospital crossover claim payments made during the period July 2008 through June 2010 that were not consistent with State law, and repaid to the Federal Government the Federal portion of those payments.
 - Obtained an understanding of internal controls and evaluated the effectiveness of key processes, policies, and procedures related to the timely suspension or termination of a provider's participation in the Medicaid program upon discovering that the provider had been excluded from Federally funded health care program participation.
 - From the population of the 20 reports documenting the results of the monthly matches performed during the period July 2015 through February 2017 between the individuals and entities listed in the List of Excluded Individuals and Entities database and enrolled Medicaid providers or affiliated parties in the Florida Medicaid Management Information System (FMMIS), examined Agency records for 3 selected monthly match reports to determine whether the Agency immediately suspended or terminated from the Medicaid program excluded providers identified during the monthly matches and timely removed the provider's active status in FMMIS.
 - Performed inquiries of Agency management and inspected Agency records to determine whether the Agency had revised its methodology for fining the Medicaid fiscal agent for continued failure to achieve satisfactory levels of performance.
 - From the population of 20 monthly performance area report cards (report cards) completed by the Agency for the Medicaid fiscal agent during the period July 2015 through February 2017, examined 3 selected report cards to determine whether:
 - The report cards were appropriately completed.

- The report card scoring methodology provided for an accurate assessment of fiscal agent performance.
 - Appropriate monetary penalties were assessed, as applicable.
- Evaluated Agency actions to correct the findings noted in our report No. 2015-045. Specifically, we:
 - Reviewed and evaluated Bureau of Financial Services (BFS) policies and procedures to determine whether the BFS had established sufficient policies and procedures to provide appropriate guidance related to the Agency's accounting and budgeting functions.
 - Inquired of BFS management and reviewed the BFS training log to determine whether the BFS had developed and implemented a staff training program that was tailored to address the complexity of the Agency's financial operations.
 - For the population of 37 full-time BFS employees as of February 2017, examined personnel and training records for 10 selected BFS employees to determine whether:
 - The employees' position descriptions specified the relevant education and experience needed to perform the Agency's complex accounting and budgeting tasks.
 - The employees had received adequate accounting or budgeting training during the period July 2015 through February 2017.
 - The employees possessed the qualifications needed to oversee and execute the Agency's complex financial operations.
 - From the population of 37 full-time BFS employees as of February 2017, examined personnel records for 10 selected BFS employees to determine the amount of time the employees had been employed with the Agency and assigned to their current position.
 - Analyzed BFS staffing levels for the period July 2015 through February 2017 to assess the extent to which turnover and vacancies may have impacted the efficiency and effectiveness of the Agency's accounting and budgeting functions.
 - Determined whether Agency financial transactions for the period September 2016 through March 2017 were timely, adequately documented, made in accordance with applicable laws and regulations, and properly authorized by examining documentation for:
 - 6 selected correcting entry transactions with cumulative absolute values of \$14,549,017.
 - 6 selected expenditure transactions totaling \$4,648,037.
 - 2 selected indirect cost allocation transfers totaling \$54,365.
 - 2 selected accounts payable transactions totaling \$511,391.
 - 12 selected transfer transactions with cumulative absolute values of \$1,233,086,697.
 - 12 selected transactions with cumulative absolute values of \$1,338,551,937, for recording budgetary allotments and releases, reversions, reversals, and other transactions related to the close out of Agency financial records for the 2015-16 fiscal.
 - Reviewed Agency procedures and checklists for the 2015-16 fiscal year-end closing and financial statements preparation process to determine whether the procedures and checklists were sufficient to ensure accurate, complete, and timely financial reporting and compliance with applicable State and Federal laws, rules, and regulations, and Department of Financial Services guidance.
 - Analyzed the number and type of 2015-16 fiscal year-end adjusting entries made by the Agency to determine whether the adjustments were reasonable, accurate, timely, and complete.

- From the population of 19 adjusting entries, totaling \$717,157,535, made subsequent to the 2015-16 fiscal year end, examined documentation for 10 selected adjusting entries, totaling \$572,278,199, to determine whether the entries were supported, appeared reasonable, and did not need to be reversed.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Agency operations.
- Observed, documented, and evaluated the effectiveness of selected Agency processes and procedures for:
 - Information technology system access privileges, settlement agreements, and financial reconciliations.
 - The administration of purchasing cards in accordance with applicable guidelines. As of February 22, 2017, the Agency had 387 active purchasing cards.
 - The assignment and use of wireless devices with related costs totaling \$795,582 during the period July 2015 through January 2017.
 - The administration of the requirements of the Florida Single Audit Act. During the period July 2015 through December 2016, the Agency expended \$11,642,693 for one State Financial Assistance program.
 - The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of July 2016, the Agency was responsible for 13 active real property leases.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



RICK SCOTT
GOVERNOR

JUSTIN M. SENIOR
SECRETARY

March 23, 2018

Ms. Sherrill F. Norman
Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

Thank you for the opportunity to respond to the preliminary and tentative findings and recommendations from your operational audit of the Agency for Health Care Administration, Collection and Use of Medicaid Managed Care Encounter Data and Selected Administrative Activities. In accordance with your request, we have emailed you the preliminary and tentative audit findings document with our response incorporated therein.

If you have any questions regarding our response, please contact Pilar Zaki, Audit Director, at 412-3986.

Sincerely,

A handwritten signature in blue ink, appearing to read "J.M.S.", is written over a light blue circular stamp.

Justin M. Senior
Secretary

JMS/szg
Enclosure

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**Agency for Health Care Administration
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Collection and Use of Medicaid Managed Care Encounter Data

Finding No. 1:

Use of Medicaid Managed Care Encounter Data. The Agency could not demonstrate that it forwarded to managed care organizations for investigation any leads or referrals related to possible acts of fraud, abuse, or overpayment based on analysis of Medicaid managed care encounter data.

Recommendation:

We recommend that Agency management ensure that the MPI utilizes Medicaid managed care encounter data to identify leads related to possible acts of fraud, abuse, or overpayment in the Medicaid program, and that the MPI documents timely communication of those leads to the MCOs.

Agency Response:

As explained during the audit, MPI does not typically distinguish encounter claims and fee-for-service claims for detection purposes. Encounter data is used at varying stages of project planning for determining which providers may warrant a deeper review. MPI will continue to make referrals to the Medicaid health plans, and will continue to review and improve processes for documenting and tracking the timely communication of referrals.

Agency Contact

Kelly Bennett
HQA/MPI
(850) 412-4019

Finding No. 2:

Medicaid Data Analytics Contract. The Agency's contract for advance data analytics services to identify Medicaid fraud, abuse, and overpayments did not result in realized cost recoveries and the Agency and vendor did not take timely and adequate steps to utilize Medicaid managed care encounter data in the vendor's data analytics. In addition, Agency records did not include sufficient documentation, such as cost-benefit analyses, to support continued contract renewals.

Recommendation:

We recommend that, prior to renewal, Agency management document consideration of the cost effectiveness of applicable contracts. We also recommend that, prior to contracting for similar services in the future, Agency management establish and clearly identify vendor performance benchmarks.

Agency Response:

The Agency agrees with the recommendation. The Agency agrees that procurements should require vendors to meet or exceed performance expectations to warrant payment. Throughout the contract with the data analytics vendor, the Agency refined the contract terms to improve the deliverables within the requirements of the state procurement laws.

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Selected Administrative Activities

Finding No. 3:

Accounting and Budgeting Policies and Procedures and Staff Training. As similarly noted in our report No. 2015-045, the Bureau of Financial Services (BFS) had not established sufficiently comprehensive policies and procedures or developed a BFS-specific training program to ensure staff were provided appropriate training related to the Agency's complex accounting and budgeting tasks.

Recommendation:

We recommend that BFS management continue updating policies and procedures to ensure that BFS responsibilities and unique operations are sufficiently addressed. The updated policies and procedures should promote compliance with applicable laws, rules, regulations, and accounting standards, and provide sufficient guidance to staff to ensure consistency in the event of staff turnover. In addition, we again recommend that BFS management develop a staff training program that is specifically tailored to address the complexity of the Agency's financial operations, maintain appropriate documentation to demonstrate BFS staff attendance at training activities, and revise BFS position descriptions to specify the relevant education and experience needed to perform the Agency's complex accounting and budgeting tasks.

Agency Response:

Policies and Procedures

BFS will continue to work diligently to enhance existing policies and procedures to ensure that they are comprehensive and sufficiently address our unique and complex responsibilities.

BFS is in the beginning stages of developing a manual to serve as an additional tool that can be used to address the complexity of its operation as well as identify and catalogue all applicable laws, rules, regulations, standards, and guidance that govern the work performed by BFS. There will be sections specifically for new employees to introduce them to BFS.

In addition, BFS invested in an independent information technology consultant to automate many of its accounting and budgetary processes. This effort, in conjunction with the written documentation, will help ensure compliance, promote consistency, and mitigate loss of knowledge due to staffing changes. The project to automate our processes was initiated during fiscal year 2014-15 and is expected to continue through fiscal year 2020-21. Through the use of the consultant, BFS has documented many of its processes within its comprehensive system called Enterprise. The vendor is also responsible for providing training on each module as it is implemented.

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Staff Training

BFS has an unofficial training plan. BFS management developed a SMART goal in fiscal year 2016-17 to address staff training. To obtain the highest rating of 5, staff must participate in quarterly training as well as engage in some type of cross training. Based upon performance, the supervisor can require staff to attend a specific training to improve performance and knowledge.

In addition, BFS provides routine guidance and training to staff through one-on-one meetings, workgroups, and staff meetings. Staff also attend meetings and workshops hosted by the Department of Financial Services (DFS) and the Executive Office of the Governor (EOG) to prepare for year-end activities as well as other ad hoc meetings to address specific or immediate needs. However, there are limitations in attending the DFS events. Some of them are: only two employees from each agency can participate, conferencing in to the meetings is not always an option and when it is, the conversation is difficult to hear due to background noises. Because of these limitations, BFS has to employ the train-the-trainer model.

Furthermore, it is not DFS' practice to provide certificate or proof of attendance for events they host. BFS will, however, work to improve documentation of staff attendance for internal meetings and workshops and will continue to look for training opportunities for all level staff.

Position Descriptions

The adoption of a broadband classification system by the State eliminated minimum qualifications including education and experience requirements. Therefore, unless statutes explicitly require educational requirements, BFS cannot make education a qualifying condition of employment.

There are no educational requirements explicitly stated in statutes for any of the positions in BFS. However, each position has minimum qualifications that are based upon the occupation profile. The minimum qualifications, in accordance with Agency policy, are included in all advertisements along with the duties and responsibilities of that position. During the interview process, BFS is proactive by providing the candidate with a true depiction of the job's complexity and describing the needed skill sets to be successful. Work samples are based upon real Agency scenarios to give the candidate a true impression of the duties.

Because the position description serves as the official record of the duties and responsibilities assigned to a position and used to officially classify a position, BFS after speaking with the Agency's Human Resource Classification Manager believes that the position descriptions are adequate as written because there are no education and experience requirements. However, BFS will work with the Agency's Human Resource Classification Manager to add the minimum qualifications to the position descriptions. Section 9 of the position descriptions will be updated to reflect job-related requirements based upon the occupation profile.

Agency Contact

*Anita B. Hicks
Bureau of Financial Services
(850) 412-3815*

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Finding No. 4:

Accounting Transactions. BFS controls continue to need enhancement to ensure that accounting transactions are properly approved and timely and accurately recorded in Agency financial records.

Recommendation:

We again recommend that BFS management ensure that sufficient documentation is maintained to support the timeliness and approval of all Agency accounting transactions. We also recommend that BFS management take appropriate actions to improve the accuracy and timeliness of FLAIR accounting transactions.

Agency Response:

To ensure that payments are processed timely, BFS has implemented an invoice-tracking log to ensure the timely processing of invoices. In addition, BFS implemented the use of a MyFloridaMarketplace (MFMP) Secure Report entitled "Invoice Reconciliation (IR) Last Approver." This report is sorted by the IR submit date (oldest from newest) to ensure that IRs are processed on a First In/First Out (FIFO) basis. Staff also uses this report to track pending IRs that may have pending issues that are preventing payments to ensure they are processed timely.

Since the implementation of these processes, BFS has obtained 100 percent compliance rate with zero invoices exceeding twenty days; ranking the Agency at number one out of thirty-two reporting agencies. With the timely processing of invoices, BFS has reduced the payment of interest to vendors to zero.

BFS will continue to monitor this process to ensure that best practices are being implemented. BFS is also working with an independent consultant to determine the feasibility of creating an automate Invoice Management system and incorporating it into the existing Enterprise system which is currently used by BFS for its day-to-day operations.

Agency Contact

Anita B. Hicks
Bureau of Financial Services
(850) 412-3815

Finding No. 5:

Purchasing Card Controls. The Agency did not always timely cancel purchasing cards upon a cardholder's separation from Agency employment.

Recommendation:

We recommend that Agency management ensure that purchasing cards are promptly canceled upon a cardholder's separation from Agency employment.

Agency Response:

In cancelling purchasing cards (PCards), the Bureau of Financial Services (BFS) relies on the Bureau of Human Resources' system called Transfer Promotion Separation (TPS). This system

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provides notification that a cardholder has separated from the Agency. This is currently being updated and will later be known as CRM (Customer Response Management) TPS system. To timely cancel the PCard upon a cardholder's separation from Agency employment, BFS has implemented the following process:

- *The PCard Administration's inbox (PCardAdmin@ahca.myflorida.com), a multi-user email account, will be used to assist with daily monitoring of emails received.*
- *The new CRM TPS system will email the PCard Administration's inbox for any separation, internal move, or cancellation.*
- *A shared calendar specifically for tracking separation notifications has been created by the PCard Administrator (PCA).*
- *A tickler has been set for each separation on this shared calendar. The PCard Administration's inbox will receive an alert one day before the employee's separation from the Agency. This will remind the PCA and the back-up PCA to deactivate the cardholder's account in the PCard module in FLAIR*
- *The PCA and the back-up PCA will be required to coordinate their leave requests to ensure timely deactivation of accounts.*
- *The back-up PCA will be responsible for performing the duties associated with the primary PCA position during an absence or vacancy.*
- *A PCard manual that covers the common processes included in the PCA's duties will be available as a reference for the back-up PCA.*

BFS will continue to monitor this process to ensure that best practices are being implemented.

Agency Contact

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Finding No. 6:

IT Privileges Controls. Information technology user access controls for the Florida Medicaid Management Information System, VERSA Regulation system, and Care Provider Background Screening Clearinghouse need improvement to ensure that periodic reviews of user access privileges are performed, user access privileges are appropriate, and Agency records demonstrate that access privileges are timely deactivated when access is no longer needed.

Recommendation:

We recommend that Agency management ensure that periodic reviews of FMMIS, VERSA Regulation system, and Clearinghouse user access privileges are performed. We also recommend that Agency management ensure and Agency records demonstrate that FMMIS, VERSA Regulation system, and Clearinghouse user access privileges are timely deactivated upon a user's separation from Agency employment or when the user no longer requires access privileges.

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Agency Response:

The Agency updated the authentication policy (P&P 5002) to include addressing the review of access privileges in August 2017.

A new Cherwell Help Desk ticketing system was implemented in May of 2017 which allows tracking for the authorization of users allowed by the business units to access Agency applications. When this audit took place, an older Microsoft Sharepoint application was used by the Division of IT Help Desk. The new Cherwell system offers robust workflows and tracking abilities

Agency Contact

*Karen Calhoun
Information Technology
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Agency Response:

The Agency is implementing additional security procedures to ensure that Florida Medicaid Management Information System (FMMIS) user access privileges are timely deactivated upon separation of employment from the Agency. In addition, the Agency is implementing a periodic review process of FMMIS access privileges to validate that FMMIS users maintain only the minimum necessary access privileges needed to perform their job functions. The two additional security review processes will be in place by June 30, 2018.

Agency Contact

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