Georgia Department of Community Health

Audit Corrective Action Plans

Fiscal Year 2019

December 10, 2020

Mission

The mission of the Department of Community Health is to provide access to affordable, quality health care to Georgians through effective planning, purchasing, and oversight.

We are dedicated to A Healthy Georgia.

Summary of FY19 Audit Results

- 3 Financial Statement Findings
- 6 Federal Award findings

2019 State of GA CAFR
Finding FS-419-19-01

Continue to Improve Internal Controls Over Claim Processing

Condition:

The Department of Community Health (DCH) did not have adequate internal controls over pharmacy benefit claims that are processed by Third Party Agencies to ensure the claims payments are accurate based on established rates, for eligible employees during the service period, and where applicable, that the agreed upon rebates are provided.

Recommendation:

The DCH should continue to improve controls over claims processing by establishing policies and procedures for monitoring pharmacy claims to ensure overpaid claims are identified, claims are for eligible employees during the service period and being processed timely, and that all rebates have been processed according to established contractual rates.

Corrective Action Plan
Finding FS-419-19-01

The Department of Community Health will implement the following corrective actions to remediate the finding and to address the causes.

In addition to the third-party financial audits of the Pharmacy Benefit Manager (PBM) that include rebates, financial accuracy and financial guarantee components that occur on an ongoing basis, DCH plans to take the following steps:

- Implement monthly claims testing in addition to testing when implementing benefit changes and the annual readiness review conducted; and
- Include eligibility as part of the ongoing PBM audits.

Estimated Completion Date: May 30, 2020

Report of Current Status as of December 10, 2020: Resolved

2019 State of GA CAFR
Finding FS-419-19-02

Continue to Strengthen Financial Reporting Controls

Condition:

Department of Audits and Accounts' (DOAA) review of the financial information prepared by DCH revealed several errors. Some of the more significant items found were as follows:

- Overstatement of federal accounts receivable in the amount of $266,958,801, an understatement of other accounts receivable in the amount of $133,479,401, and an overstatement in benefits payable in the amount of $133,479,401 on the General Fund balance sheet
- Misclassification in the amount of $24,531,893 between benefits payable and accounts payable as reported on the General Fund balance sheet
- A misclassification in the amount of $16,646,310 between due from other funds and accounts receivable as reported on the State Health Benefit Plan Statement of Net Position
- Misclassification between pooled investments with State Treasury and due to brokers for securities purchased in the amount of $78,224,434 of State OPEB Fund and $28,889,68 of School OPEB Fund

2019 State of GA CAFR
Finding FS-419-19-02

Continue to Strengthen Financial Reporting Controls (…continued)

- Understatement of Covered payroll amount of the State OPEB Fund by $176,915,049 which is a part of the Required Supplementary Information to the Financial Statements as reflected in the State's *Comprehensive Annual Financial Report* (CAFR).

Recommendation:

We recommend the DCH perform a detailed review of the current closing and reporting processes and continue to strengthen the processes by incorporating additional analyses and thorough reviews of information and continuing to provide training and guidance to staff that will aid in the prevention or timely detection and correction of errors in the year-end information used to prepare and issue the State's CAFR.

Corrective Action Plan
Finding FS-419-19-02

The Department of Community Health will implement the following corrective actions to remediate the finding and to address the causes.

- DCH will implement an annual engagement meeting with its contracted actuary to prepare a timeline of key dates for data sharing, to discuss methodologies and assumptions and reporting requirements to ensure schedules and calculations are accurate and complete.
- DCH will document accounting policies and procedures for year-end accrual journal entries and provide training to DCH staff.
- DCH will create and perform key analytics to help prevent or timely detect financial errors in data used to prepare the CAFR-related financial statements.
- DCH will ensure Financial Reporting staff receive additional hours of training in GASB, GAAP and governmental financial reporting annually.
- DCH will seek to hire staff in the area of Financial Reporting with higher technical accounting skills to help oversee the preparation of financial statements.

Estimated Completion Date: June 30, 2020.

Report of Current Status as of December 10, 2020: Resolved

2019 State of GA CAFR
Finding FS-419-19-03 and FA-419-19-01

Continue to Strengthen Application Risk Management Program

Condition:

Review of DCH's risk management program related to automated data processing systems revealed the deficiencies described below.

Risk Analysis:

We noted risk was assessed for the Medicaid Management Information System (MMIS); however, a formal risk analysis process has not been established and does not include all data processing systems for the Medicaid program.

System Security Reviews:

On an annual basis, DCH obtains System and Organizational Controls Type II reports to review the operating effectiveness of the controls in place at various service organizations. Based on work performed, we noted DCH has not completed an assessment of controls in place at the service organization and the complementary user entity controls expected to be established at DCH. This assessment is designed to determine whether controls are in place, operating effectively, and successfully mitigating DCH's risks.

2019 State of GA CAFR
Finding FS-419-19-03 and FA-419-19-01

Continue to Strengthen Application Risk Management Program (…continued)

In addition, DCH has completed an annual independent security controls assessment of MMIS and has also performed direct audits of its vendors and business associates to ensure their compliance with contractual obligations. However, these initiatives are centered only on MMIS and should be expanded to include all relevant data processing applications for the Medicaid program.

Systems Security Plans:

The DCH does not have a formal documented system security plan for the automated data processing systems used to process claims and payments of Medicaid benefits.

Policies and Procedures:

Formal information security policies and standard operating procedures have not been developed to protect the entity's information assets and computing infrastructure.

2019 State of GA CAFR
Finding FS-419-19-03 and FA-419-19-01

Continue to Strengthen Application Risk Management Program (…continued)

Recommendation:

The DCH should continue to allocate necessary resources and processes to implement a formal risk management program to allow management to gain reasonable assurance DCH will achieve its objectives in complying with operational, financial reporting, and compliance requirements. An effective risk management program should, at a minimum, address Risk Analysis, System Security Reviews, System Security Plans, and Information Security Policies and Procedures.

Corrective Action Plan
Finding FS-419-19-03 and FA-419-19-01

The Department of Community Health will implement the following corrective actions to remediate the finding and to address the causes.

DCH has taken steps to obtain the necessary federal and state funds and security resources to address these deficiencies in a timely manner. DCH Management is working to onboard security program resources during the 2nd Quarter of 2020 and to procure the necessary third-party security services by the 3rd Quarter of 2020 and fully remediate the audit findings by the end of calendar year 2020.

Estimated Completion Date: December 31, 2020

Report of Current Status as of December 10, 2020: Unresolved

2019 State of GA CAFR
Finding FA-419-19-02

Improve Controls over Inpatient Medicaid Payments

Condition:
Field audits of participating inpatient hospital providers were not performed as required by the State Plan. Additionally, the annual desk reviews required by the State Plan were not performed timely.

Recommendation:
The DCH management should improve controls over inpatient Medicaid payments by establishing procedures to ensure the required fields audits are performed in accordance with the current State Plan and the desk reviews are performed timely.

Corrective Action Plan
Finding FA-419-19-02

The Department of Community Health will implement the following corrective actions to remediate the finding and to address the causes.

The Department will review the State Plan with vendor to ensure the contract is amended to include language stating all audits must be completed by end of state fiscal year and add language requiring vendor to revise desk review process to ensure focus reviews are conducted annually.

Estimated Completion Date: June 30, 2020

Report of Current Status as of December 10, 2020: Partially Resolved

2019 State of GA CAFR
Finding FA-419-19-03

Improve Controls over Medicaid Eligibility Determinations

Condition:

It was found that Division of Family and Children Services (DFCS) did not perform eligibility determinations for 42 of 60 SSI Ex Parte members tested. In addition, we noted that DCH did not monitor the status of the eligibility determinations for SSI Ex Parte members in GAMMIS.

Recommendation:

The DFCS management should strengthen internal controls over eligibility determinations for SSI Ex Parte members to ensure its policies and procedures are consistently enforced and operating effectively. Specifically, management should incorporate additional oversight and perform thorough reviews of the DFCS eligibility determinations for SSI Ex Parte members to ensure they are being performed as required.

In addition, DCH management should develop and implement policies and procedures to monitor and follow-up on the status of eligibility determinations for SSI Ex Parte members in GAMMIS. Management should also formally document these policies and procedures.

Corrective Action Plan
Finding FA-419-19-03

The Department of Community Health will implement the following corrective actions to remediate the finding and to address the causes.

- DCH will continue to meet with the DFCS Medicaid Unit on a monthly basis to review and monitor the status of the Ex-Parte list and to ensure that Continuing Medicaid Eligibility Determinations are performed. DFCS will continue training identified staff until all training is complete. Ongoing training will be provided to new hires.
- DCH, through is fiscal agent, will continue programming the required modifications to the GAMMIS system in order to automate the Ex-Parte Continuing Medicaid Eligibility Determination process. Automating the process will result in an interface between the Integrated Eligibility System ("Gateway") and GAMMIS.
- Pending completion of the automated process, daily and monthly reports will be created, reviewed, and distributed to designated staff. Ex-Parte cases will be assigned to staff for completion, monitored, and tracked by the lead supervisor and Director.

Estimated Completion Date: September 1, 2020

Report of Current Status as of December 10, 2020: Resolved

2019 State of GA CAFR
Finding FA-419-19-05

Improve Controls over Medicaid Capitation Payments

Condition:

DOAA selected a sample of 60 from a population of 903 potential duplicate payments for Manage Care members that appear to have more than one Medicaid ID number and found that DCH made duplicate payments to CMOs for 25 of 60 Manage Care members.

Recommendation:

The DCH management should strengthen internal controls over capitation payments to CMOs for Manage Care members to ensure duplicate capitation payments are not made to CMOs for Managed Care members. Specifically, the DCH should consider improving procedures for identifying members with multiple Medicaid ID numbers and training staff to research further when exceptions occur. Additionally, we recommend the DCH consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Corrective Action Plan
Finding FA-419-19-05

The Department of Community Health will implement the following corrective actions to remediate the finding and to address the causes.

The Department will review and update its current policy and process related to the identification and review of members with multiple member identification numbers. Additionally, DCH will review and update its policy and process related to the merger and consolidation of multiple identification numbers associated with the same member. This review will include education and clarification of those instances wherein the merger of multiple identification numbers for the same member is not appropriate and deemed an exception.

Estimated Completion Date: September 1, 2020

Report of Current Status as of December 10, 2020: Unresolved

2019 State of GA CAFR
Finding FA-419-19-06

Improve Controls over Medicaid Payments

Condition:

We selected a random sample of 60 claims and 5 individually significant items from a population of 1,295 claims that were paid to providers after the date of death and found that DCH made payments to providers for 50 Medicaid claims with service dates after the date of death resulting in overpayments.

Recommendation:

- **The DCH management should strengthen internal controls over Medicaid benefit payments to providers to ensure improper Medicaid benefit payments are not made after beneficiaries' deaths. The DCH should incorporate procedures in its current process that address fee-for-service payments to providers for claims made after the date of death.**
- **Additionally, DCH should investigate and recover funds for all overpayments and if necessary, refer to the Georgia Medicaid Fraud Control Unit for further investigation into any potential provider fraud or abuse. The DCH should also consult with the grantor to discuss whether questioned costs identified in the audit should be repaid.**

Corrective Action Plan
Finding FA-419-19-06

The Department of Community Health will implement the following corrective actions to remediate the finding and to address the causes.

The Department will modify its date of death processes within the Georgia Medicaid Management Information System ("GAMMIS") to either disallow or recoup payments made to Fee-for-Service providers when the submitted claim reflects a date of service after the member's date of death.

Estimated Completion Date: September 1, 2020

Report of Current Status as of December 10, 2020: Unresolved

2019 State of GA CAFR
Finding FA-419-19-07

Improve Controls over Medicaid Capitation Payments

Condition:

We tested a random sample of 60 capitation payments from a population of 4,730 potential capitation payments made on behalf of 1,065 members who also had Medicare coverage and found that DCH made improper payments to CMOs for 6 of 60 capitation payments tested.

Additionally, for the remaining 54 payments, a retroactive Medicare effective date was issued, which was during the time period that managed care payments were made; however, none of these were paid after the date in which Medicare notified the DCH of the retroactive effective date.

2019 State of GA CAFR
Finding FA-419-19-07

Improve Controls over Medicaid Capitation Payments (continued)

Recommendation:

The DCH management should strengthen internal controls over capitation payments to CMOs for Managed Care members to ensure improper capitation payments are not made to CMOs for members with Medicare insurance coverage. In addition, DCH management should review the eligibility criteria for each CMO to ensure the guidelines are understood and used in setting system exception reports.

The DCH should also consult with the U.S. Department of Health and Human Services regarding whether recoupment of overpayments made to managed-care organizations for members who are retroactively enrolled in Medicare is required and whether the questioned costs identified in the audit should be repaid.

Corrective Action Plan
Finding FA-419-19-07

The Department of Community Health will implement the following corrective actions to remediate the finding and to address the causes.

The Department will modify its Georgia Medicaid Management Information System ("GAMMIS") to include processes to recoup capitation payments from the Care Management Organizations for Medicare eligible recipients when appropriate. DCH will review the eligibility criteria with staff to ensure that all guidelines are understood and properly implemented when programming system edits for its managed care programs.

Further, DCH will follow the recommendation of DOAA and consult with CMS regarding overpayments for members who are retroactively enrolled in Medicare.

Estimated Completion Date: September 1, 2020

Report of Current Status as of December 10, 2020: Unresolved