

Department of Community Health Audit Finding Summary and Action Plan

| Department of Community Health Division and Contact Person | Deficiency Number | Deficiency Name | Deficiency Description | Auditor's Recommendation | Notes and Previous Actions | Next Steps and Progress | Status Indicator |
|--|-------------------|---------------------|---|---|--|--|------------------|
| <ul style="list-style-type: none"> Financial Management Division Demetrius Brown | FS 2015-001 | Accounts Receivable | <p>Auditors found that adjustments to the Department of Community Health's (DCH) year-end reconciliation of federal receivables were necessary.</p> <p>Auditors found that certain FY 2015 drug rebates received subsequent to year-end were excluded from the reported balances. An adjustment of \$53 million in total funds was necessary to properly increase drug rebate receivables and decrease expenses.</p> <p>Auditors also found that certain FY 2015 hospital Upper Payment Limit (UPL) obligations and related receivables were excluded from the reported year-end balances. Auditors determined that revenue and receivables were understated by approximately \$11 million.</p> | <p>Department of Community Health (DCH) management should do the following:</p> <ul style="list-style-type: none"> Implement procedures whereby any variances between amounts expected to be received and amounts actually received are promptly and thoroughly investigated. Continue to follow-up with DCH's drug rebate collection contractor in subsequent quarters to ensure that collections for amounts relating to the previous quarter are collected before the subsequent quarter-end and that accounts receivable are adjusted accordingly. To correct the continuing variance in reconciliations of federal receivables, (1) regularly reconcile federal draws and the related general ledger balances throughout the year and timely investigate and resolve any variances between funding source draws and the supporting expenditures (Medicaid Program Services and Medicaid Administrative) identified during the reconciliations, (2) implement a careful review by an individual outside of the reconciliation process that includes consideration of each component of the reconciliation to determine its reasonableness, and (3) establish written procedures documenting the reconciliation process and provide training to new employees performing the reconciliation on both the procedures to be performed and the rationale for the inclusion or exclusion of certain items in the reconciliation. | <p>Previous Actions: The Department of Community Health (DCH) has taken the following actions to improve the reconciliation process for the federal receivables account:</p> <ul style="list-style-type: none"> Implemented procedures to draw funds from federal grant awards based directly on expenditures incurred. Engaged an outside party to assist with the investigation and reconciliation of certain amounts historically drawn down from and applicable to federal awards. Reconciled federal draws on a weekly, monthly, and quarterly basis for the general ledger cash accounts and expense accounts. Discrepancies between the expenditures from the general ledger and the amounts drawn by funding source were addressed with the reconciliations. Beginning with FY 2015, the receivables from the federal government were monitored on a monthly basis. Reconciliations were completed on a quarterly basis to identify any overdrawn or underdrawn expenditures. Reconciliations compared CMS 64 reported expenditures to actual expenditures drawn. DCH management reviewed the federal receivable reconciliations on a monthly basis and met to discuss the reconciling items. DCH implemented the policies and procedures for the federal reconciliations by December 31, 2014. The policies and procedures were communicated to all financial services staff and training was provided to ensure that all staff understand the transaction flow for the federal receivable general ledger accounts. | <p>The Department of Community Health (DCH) will take the following actions:</p> <ul style="list-style-type: none"> The federal receivable reconciliation will be scanned into Laserfiche on a monthly basis. Has already occurred and will be ongoing. The policies and procedures for the federal reconciliations will be revised as necessary with any updates communicated to financial staff members. Training will be provided to ensure that financial staff members understand the transaction flow for the federal receivable general ledger accounts. Has already occurred and will be ongoing. The year-end process for Upper Payment Limit (UPL) payments and pharmacy rebates will be documented and include a checklist that will be signed off by the preparer of the accruals. For UPL, it will be noted on the checklist which accruals are budgetary versus GAAP. Completed May 31, 2016. Has already occurred. Any significant variances between the estimated pharmacy rebates accrued and actual amounts received will be investigated and documented. The documentation is on schedule to be reviewed and signed off on by the Deputy CFO. | Green |

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| <ul style="list-style-type: none"> Medicaid Division Wesley Merritt | SA 2015-002 | Verification and Documentation of Medicaid Eligibility | Department of Community Health (DCH) contracts with the Division of Family and Children Services (DFCS) to provide enrollment and monitoring services for Medicaid members. Audit determined that 3 out of a sample size of 60 Medicaid recipients were not properly documented. The 3 files did not contain adequate documentation of timely certification. | The Department of Community Health (DCH) should improve its verification and documentation enforcement policy for Medicaid members and create more stringent controls over the eligibility process. | <p>A corrective action plan has been implemented and is monitored on a regular basis with our eligibility vendor. Given the nature of eligibility determination work, we expect this to be an ongoing activity with the vendor reporting the status of overdue renewals on a weekly basis. The estimated date for the all overdue renewals to be up date is 10/31/2016.</p> <p>Previous Actions:</p> <ul style="list-style-type: none"> Department of Community Health (DCH) implemented a Program Improvement Plan (PIP) in March 2010. The PIP requires the Division of Family and Children Services (DFCS) to remedy areas of deficiencies, such as untimely renewals. DCH and DFCS management staff meet quarterly to discuss and review progress. DCH Medicaid Eligibility Quality Control (MEQC) staff review 400 randomly selected cases, 100 closed cases, and 150 newborn cases for completeness each month. MEQC staff also read 200 cases as part of the Centers for Medicare and Medicaid Services (CMS) MEQC/Payment Error Rate Measurement (PERM) Pilot. The findings from these reviews are shared with DFCS for inclusion in their PIP planning, Corrective Action Plans (CAP), and field trainings. DFCS implemented a document imaging system (DIS) in December 2013 to maintain records electronically. | <p>The Department of Community Health (DCH) will continue to meet with the Division of Family and Children Services (DFCS) quarterly and review cases for completeness. The DCH Medicaid Eligibility Quality Control (MEQC) staff read cases in accordance to CMS required guidelines through the 2014-2016 CMS MEQC/PERM Pilots. The results are reported to DFCS management and CMS. Any deficiencies or errors cited, require a Corrective Action Plan (CAP). The CAP is tracked as part of the PIP process and continues until the issue is resolved. These findings will be included in their next CAP review. DCH and DFCS are in the process of implementing a new Integrated Eligibility System (IES) for public assistance programs called Georgia Gateway. This system will make renewals more efficient and provide DCH more direct oversight of the Medicaid eligibility process.</p> <p>Updates: 10/28/2015 PIP Meeting, reviewed the results of the FY2015 State Audit. DCH requested a Corrective Action Plan (CAP) to address the untimely renewals. DCH was also notified that DFCS would be hiring 121 Medicaid Workers by 1/16/2016. 1/5/2016 DCH received the Draft CAP from DFCS. 1/28/2016 PIP Meeting, reviewed the CAP, that included placing DFCS Regions on a CAP with over 500 past due reviews. The DFCS regions have to give weekly updates on calls on the progress. In addition DFCS hired 121 new Medicaid staff on 1/16/16. 63 of these workers will be Adult Medicaid Workers. Once trained they will focus on the back log of Adult Medicaid applications. DCH is participating in the weekly calls. 4/27/2016 PIP Meeting, reviewed the progress of overdue reviews. DFCS will still provide weekly updates on the progress. DFCS reported they are on target for 05/2016 completion of the Family Medicaid cases. DFCS announced an additional 180 new staff will be hired effective July 1st in addition to the new staff already hired. <i>(Continued on Page 2)</i></p> | Yellow |
| <ul style="list-style-type: none"> Medicaid Division Wesley Merritt | SA 2015-002 | Verification and Documentation of Medicaid Eligibility <i>(Continued from Page 1)</i> | | | | <p>7/20/16 PIP Meeting, reviewed the progress of overdue reviews. DFCS will still provide weekly updates on the progress. Overdue Reviews as of 7/20/16 – 3,800 ABD and 770 FFM, working from oldest. Follow up continues with District Mgrs. DFCS reported one of the regions was dissolved and majority of the overdue reviews are from one of those counties (Gwinnett). DFCS is continuing the hiring process for ABD staff. All staff should be ready August 1st. DFCS reported the overdue reviews prior to June 30 are all completed. Overdue Reviews as of 9/19/16 – 145 ABD and 70 FFM Cases. Next PIP Meeting – 10/26/16</p> | Yellow |

- Key:**
- Auditor's recommendations have been fully implemented.
 - Significant progress has been made towards implementing the auditor's recommendations.
 - Little or no progress has been made towards implementing the auditor's recommendations.