MICHAEL J. "MIKE"
WAGUESPACK, CPA

Report Highlights

Louisiana Department of Health

Audit Control # 80230046
Financial Audit Services • March 2024

Why We Conducted This Audit

We performed certain procedures at the Louisiana Department of Health (LDH) as a part of the Annual Comprehensive Financial Report of the State of Louisiana, the Single Audit of the State of Louisiana, and to evaluate LDH's accountability over public funds for the period July 1, 2022, through June 30, 2023.

What We Found

In state fiscal year 2023, LDH resolved four of 12 findings reported in the prior year, with eight findings repeated in this report. In total, 11 findings were reported as follows:

- For the **sixth consecutive year**, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Medical Assistance Program (Medicaid) managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and Children's Health Insurance Program (CHIP) state plan.

- For the **third consecutive year**, LDH did not have adequate controls over financial reporting to ensure its financial reports were accurate, complete, and prepared in accordance with instructions from the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP). In addition, LDH also submitted inaccurate federal schedules used to prepare the Schedule of Expenditures of Federal Awards (SEFA).

- For the **second consecutive year**, LDH did not follow established payroll policies and procedures for the certification and approval of time sheets, as well as, for the approval of leave requests.

- For the **fourth consecutive year**, LDH, Office of Public Health did not ensure payroll expenditures were certified and approved for the Public Health Emergency Preparedness program (AL 93.069) and the HIV Prevention Activities Health Department Based program (AL 93.940).

Continued on next page

What We Found (Cont.)

- LDH erroneously double-reported expenditures for the Medicaid program, resulting in $14.9 million in federal questioned costs, and did not complete certain quarterly checklist reviews intended to ensure compliance with the reporting and matching federal compliance requirements for the Medicaid program and the reporting, period of performance, matching, and earmarking federal compliance requirements for the CHIP program.

- LDH did not adhere to established policies and procedures regarding maternity kick payments for fiscal year 2023. As a result, there is an increased risk that maternity kick payments are being paid to Healthy Louisiana Managed Care Organizations (MCOs) for triggering events that may not have taken place or no longer have satisfactory supporting evidence.

- For the **fourth consecutive year**, LDH lacked adequate internal controls over eligibility determinations in the Medicaid and CHIP programs for the state fiscal year ending June 30, 2023.

- For the **third consecutive year**, LDH failed to properly implement and monitor National Correct Coding Initiative Requirements (NCCI) for Medically Unlikely edits (MUE) and Procedure-to-procedure (PTP) edits for the Medicaid fee-for-service (FFS) claims. Failure to properly implement and enforce all required NCCI edits increases the likelihood that FFS claims, which should be denied, could potentially be paid.

- LDH paid Medicaid Home and Community Based Services (HCBS) claims for the New Opportunities Waiver (NOW) for waiver services that were not documented in accordance with established policies. LDH also paid claims for support coordination services that were not documented in accordance with established policies.

- LDH did not have adequate controls in place to correctly identify the date of discovery for provider overpayments and for the **second consecutive year** did not provide sufficient appropriate audit evidence of compliance with federal regulations regarding the return of the federal portion of provider overpayments to CMS in the appropriate quarter. In a sample of 60 provider overpayments, LDH only provided supporting documentation for seven. As a result, we did not have the evidence to support whether LDH had correctly identified the date of discovery or properly returned overpayments to CMS.

- For the **fifth consecutive year**, LDH, the MCOs, and Magellan Health Services did not have adequate controls in place to ensure that behavioral health services in the Medicaid and CHIP programs were properly billed and that improper encounters were denied.